

HANDBOUND
AT THE



UNIVERSITY OF



Digitized by the Internet Archive
in 2007 with funding from
Microsoft Corporation

127

(27)

9958

THE ANNALS

OF THE

AMERICAN ACADEMY

OF

POLITICAL AND SOCIAL SCIENCE

ISSUED BI-MONTHLY

VOL. XXXVIII

JULY-DECEMBER, 1911

EDITOR: EMORY R. JOHNSON

ASSISTANT EDITOR: ELLERY C. STOWELL

EDITOR BOOK DEPARTMENT: ROSWELL C. McCREA

ASSOCIATE EDITORS: THOMAS CONWAY, JR., G. G. HUEBNER, S. S. HUEBNER

CARL KELSEY, CLYDE L. KING, J. P. LICHTENBERGER, L. S. ROWE

PHILADELPHIA

AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE

36TH AND WOODLAND AVENUE

1911

127 369 / 13
21 / 4



H
1
A4
V.38

Copyright, 1911, by
THE AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE
All rights reserved.

III

CONTENTS

	PAGE
ANDERSON, GEORGE W. Progress in Legislation Concerning Industrial Accidents	205
ARNOLD, JOHN J. Financing of Cotton.....	599
BABSON, ROGER W. Factors Affecting Commodity Prices.....	473
BALDWIN, F. SPENCER. Retirement Systems for Municipal Employees	6
BATES, FRANK GREENE. Commission Government in Kansas..	719 ✓
BOARDMAN, MABEL T. Red Cross Measures for the Prevention of Disasters	90
BOLLING, RAYNAL C. Results of Voluntary Relief Plan of United States Steel Corporation.....	35
BOYD, JAMES HARRINGTON. Some Features of Obligatory Industrial Insurance	23
BRADFORD, ERNEST S. History and Underlying Principles of Commission Government	673 ✓
BROOKS, JOHN GRAHAM. Necessity for Social Insurance.....	86
BUCKLIN, JAMES W. The Grand Junction Plan of City Government and Its Results.....	757
✓ CARHART, E. R. The New York Produce Exchange.....	524
CARPENTER, DUNBAR F. Some Defects of Commission Government	862 ✓
CEASE, DANIEL L. Disability and Death Compensation for Railroad Employees	45
CHEESBOROUGH, E. R. Galveston's Commission Plan of City Government	891
CHILDS, RICHARD S. The Short Ballot and the Commission Plan	816
COOPER, WALTER G. Objections to Commission Government..	853
COTTON, JOSEPH P., JR. Recent New York Legislation Upon Workmen's Compensation	230

	PAGE
COWEN, W. SCOTT. Grain Inspection in Illinois.....	396
CROSBY, JOHN, Municipal Government Administered by a General Manager—The Staunton Plan.....	877
DAWSON, MILES M. The System of Workmen's Compensation Best Adapted to the United States.....	175
DEAR, JOSEPH A. Adoptions and Rejections Under the Commission Statute of New Jersey.....	778
DELANEY, J. C. The Necessity for Safety Devices.....	108
-DE LEON, EDWIN W. Casualty Insurance Companies and Employers' Liability Legislation.....	15
DICKSON, WILLIAM B. New Jersey Employers' Liability and Workmen's Compensation Law.....	218
EASTMAN, CRYSTAL. The Three Essentials for Accident Prevention	98
EDGE, WALTER E. The New Jersey Employers' Liability Act.	225
Exchanges of Minneapolis, Duluth, Kansas City, Mo., Omaha, Buffalo, Philadelphia, Milwaukee and Toledo.....	545
FAIRLIE, JOHN A. Commission Government in Illinois Cities..	748
FARBAR, JEROME H. Results of Commission Government in Houston, Texas	901
FRANKEL, LEE K. Attitude of Foreign Countries Toward Liability and Compensation.....	241
GARDNER, C. O. The Initiative and Referendum in Commission Cities	823
GILBERTSON, H. S. Popular Control Under the Recall.....	833
GOODWIN, ELLIOT H. Civil Service Provisions in Commission Charters	808
HAMILTON, JOHN J. What Government by Commission Has Accomplished in Des Moines.....	908
HAMMOND, JOHN HAYS. Inadequacy of Present Laws Concerning Accidents	74
HARRIS, HENRY J. Recent Progress in European Countries in Workmen's Compensation	246
HARRIS, SIEBEL. Methods of Marketing the Grain Crop.....	354
HIGGINS, RICHARD J. Results of Commission Government in Kansas City, Kansas.....	917

Contents

v

PAGE

HILL, CHARLES E. Results of Commission Government in Emporia, Kansas	922
HOLLY, CHARLES O. Defects and Limitations of the Commission Plan	871
HOLMES, J. A. Government Measures to Increase Mine Safety.	112
HUEBNER, G. G. The Coffee Market.....	610
HUEBNER, S. S. The Functions of Produce Exchanges.....	319
HUMPHREY, WILLIAM E. Shipping Facilities Between the United States and South America.....	621
Industrial Insurance, Discussion on.....	57
JONES, WILLIAM CAREY. Berkeley, California, under Commission Form of Government.....	935
KELLEY, FLORENCE. Our Lack of Statistics.....	94
Legislation Concerning Employers' Liability and Workmen's Compensation, Discussion on.....	262
LEWIS, WILLIAM DRAPER. Constitutional Problem of Workmen's Compensation	119
LINDSAY, SAMUEL McCUNE. Law and Social Progress.....	117
LOWELL, JAMES A. Workmen's Compensation and the Industries of Massachusetts.....	238
MACGREGOR, FORD H. Commission Government in the West..	726
MACVEAGH, FRANKLIN. Civil Service Pensions.....	3
MARSH, ARTHUR R. Cotton Exchanges and Their Economic Functions	571
MATHEWS, JOHN M. The Commission Statute of New Jersey.	773
MERRILL, J. C. F. Classification of Grain into Grades.....	376
MITCHELL, JOHN. Burden of Industrial Accidents.....	76
MORGAN, GEORGE H. Merchants' Exchange of St. Louis.....	540
MUDGETT, BRUCE D. Current Sources of Information in Produce Markets	422
MURRAY, NAT C. The Crop Reporting System.....	409
NAGEL, CHARLES. Prevention of Industrial Accidents.....	71
NEAL, GEORGE I. Results of Commission Government in Huntington, West Virginia.....	925

	PAGE
NEILL, CHARLES P. Conditions of Progress in Employers' Liability Legislation	169
NICHOLS, WALTER S. An Argument Against Liability.....	159
PACKER, LAUNCELOT. Points to be Considered in Workmen's Compensation Legislation	184
PARKER, CARL. Governmental Regulation of Speculation.....	444
PERCY, WALKER. Birmingham Under the Commission Plan...	929
PETERS, JAMES W. S. The Commission Movement in Missouri	839
POWERS, L. G. Budget Provisions in Commission-Governed Cities	798
REYNOLDS, JAMES BRONSON. Injustice of the Present System of Workmen's Compensation.....	83
SCHRAM, LOUIS B. Workmen's Compensation in the Brewing Industry	31
— SCHWEDTMAN, F. C. Principles of Sound Employers' Liability Legislation	202
SCROGGS, WILLIAM O. Commission Government in the South..	682
SHAMBAUGH, BENJAMIN F. Commission Government in Iowa: The Des Moines Plan.....	698
SHERMAN, P. TECUMSEH. A Compensation Law and Private Justice	151
SILVERNAIL, F. D. The Lockport Proposal.....	884
SMITH, WALTER GEORGE. Present Status of Workmen's Compensation Laws	128
STONE, GEORGE F. Board of Trade of the City of Chicago....	507
SWAN, CHARES HERBERT. Enterprise Liability for Industrial Injuries	257
WAINWRIGHT, J. MAYHEW. Legal Aspects of Employers' Liability Laws	144
WILCOX, DELOS F. Franchise Provisions in Commission Charters and Statutes.....	783
WOOLDRIDGE, A. P. The Commission as it Operates in Austin, Texas	906

BOOK DEPARTMENT

CONDUCTED BY ROSWELL C. MCCREA

REVIEWS

	PAGE
ABBOTT, L. <i>The Spirit of Democracy.</i> — <i>I. B. Cross</i>	646
ADDAMS, JANE. <i>Twenty Years at Hull House.</i> — <i>P. R. Lee</i>	297
ALVAREZ, A. <i>Le Droit International American.</i> — <i>C. L. Jones</i>	647
BROWN, D. W. <i>The Commercial Power of Congress.</i> — <i>E. R. Johnson</i> ..	648
BROWN, J. F. <i>The Training of Teachers for Secondary Schools in Germany and the United States.</i> — <i>Katharine E. Dopp</i>	298
BRUCE, C. <i>The Broad Stone of Empire</i> , 2 vols.— <i>E. D. Adams</i>	649
BRYCE, J. <i>The American Commonwealth</i> , 2 vols.— <i>L. S. Rowe</i>	299
BYINGTON, MARGARET F. <i>Homestead, the Household of a Mill Town.</i> — <i>S. Nearing</i>	657
CARLYLE, A. J., AND R. W. <i>A History of Mediæval Political Theory in the West</i> , 2 vols.— <i>C. L. Jones</i>	300
CHIRAL, V. <i>Indian Unrest.</i> — <i>C. L. Jones</i>	650
COATES, G. <i>Tariff Reform, Employment and Imperial Unity.</i> — <i>F. D. Watson</i>	950
COLLIER, P. <i>The West in the East from an American Point of View.</i> — <i>C. L. Jones</i>	651
DE QUIROS, C. B. <i>Modern Theories of Criminality.</i> — <i>J. P. Lichtenberger.</i>	652
<i>Documentary History of American Industrial Society.</i> Vols. VII to X.— <i>E. R. Johnson</i>	653
DODD, W. F. <i>The Revision and Amendment of State Constitutions.</i> — <i>C. L. Jones</i>	301
DUNCAN, J. C. <i>The Principles of Industrial Management.</i> — <i>T. Con- way, Jr.</i>	654
<i>Essays in American History.</i> — <i>H. V. Ames</i>	655
FAIRCHILD, H. P. <i>Greek Immigration to the United States.</i> — <i>J. P. Lichtenberger</i>	656
FERRERO, G. L. <i>Criminal Man.</i> — <i>J. P. Lichtenberger</i>	656
FITCH, J. A. <i>The Steel Workers.</i> — <i>S. Nearing</i>	657
FITE, W. <i>Individualism.</i> — <i>E. A. Ross</i>	658
GIBBON, I. G. <i>Unemployment Insurance.</i> — <i>S. Nearing</i>	660
GRAINEAR, JEAN. <i>Les Actions De Travail.</i> — <i>G. B. Mangold</i>	302
HALL, G. S. <i>Educational Problems.</i> Vols. I and II.— <i>C. De Garmo</i>	660
HALL, J. P. <i>Constitutional Law.</i> — <i>J. J. Sullivan</i>	951
HARDY, E. R. <i>Modern Business.</i> Vol. VIII.— <i>R. Riegel</i>	952
HENDERSON, C. R. (ED.). <i>Correction and Prevention</i> , 4 vols.— <i>J. P. Lichtenberger</i>	661

	PAGE
HOLCOMBE, A. N. Public Ownership of Telephones on the Continent of Europe.— <i>G. D. Hartley</i>	303
KAUFFMAN, R. W. The House of Bondage.— <i>W. A. Allen</i>	304
KELLCOTT, W. E. The Social Direction of Human Evolution.— <i>C. Kelsey</i>	952
KENNAN, K. K. Income Taxation.— <i>F. L. McVey</i>	306
LE ROSSIGNOL, J. E. State Socialism in New Zealand.— <i>I. B. Cross</i>	306
LINDNOR, W. Modern Business. Vol. viii.— <i>R. Riegel</i>	952
MACDONALD, J. R. The Socialist Movement.— <i>I. B. Cross</i>	960
MCCALL, S. W. The Business of Congress.— <i>F. W. Coker</i>	953
MCFARLAND, R. A History of the New England Fisheries.— <i>W. S. Tower</i>	954
MONROE, P. A Cyclopedic of Education.— <i>C. DeGarmo</i>	308
ORBAAN, J. A. F. Sixtine Rome.— <i>E. P. Cheyney</i>	309
REID, G. A. The Laws of Heredity.— <i>C. Kelsey</i>	955
REINSCH, P. S. Readings on American State Government.— <i>J. A. Fairlie</i>	956
ROBINSON, E. V. Commercial Geography.— <i>G. T. Surface</i>	310
SELIGMAN, E. R. A. The Income Tax.— <i>F. L. McVey</i>	957
SMART, W. Economic Annals of the Nineteenth Century, 1801-1820.— <i>E. R. Johnson</i>	311
SOLENBERGER, ALICE W. One Thousand Homeless Men.— <i>C. Kelsey</i> ...	958
SPAIGHT, J. M. War Rights on Land.— <i>E. C. Stowell</i>	959
SPARGO, J. Sidelights on Contemporary Socialism.— <i>I. B. Cross</i>	960
STEWART, W. D. State Socialism in New Zealand.— <i>I. B. Cross</i>	306
TAYLOR, H. The Origin and Growth of the American Constitution.— <i>C. L. Jones</i>	961
THORNTON, W. W. The Law Relating to the Traffic in Intoxicating Liquors and Drunkenness, 2 vols.— <i>J. J. Sullivan</i>	316
TURNER, J. K. Barbarous Mexico.— <i>L. S. Rowe</i>	312
WATSON, D. K. The Constitution of the United States, 2 vols.— <i>C. L. Jones</i>	313
WEALE, B. L. P. The Conflict of Color.— <i>U. G. Weatherly</i>	313
WEBB, SYDNEY, AND BEATRICE. The History of Trade Unionism.— <i>I. B. Cross</i>	962
WEBB, SYDNEY, AND BEATRICE. The Prevention of Destitution.— <i>C. Kelsey</i>	963
WEHBERG, H. Capture in War on Land and Sea.— <i>E. C. Stowell</i>	964
WILCOX, D. F. Great Cities in America.— <i>C. R. Woodruff</i>	315
WILCOX, D. F. Municipal Franchises. Vol. II.— <i>L. S. Rowe</i>	965
WILLOUGHBY, W. W. The Constitutional Law of the United States, 2 vols.— <i>C. L. Jones</i>	967
WOODRUFF, C. R. City Government by Commission.— <i>C. L. King</i>	968
WOODRUFF, C. R. Proceedings of the Buffalo Conference for Good City Government and the Sixteenth Annual Meeting of the National Municipal League.— <i>C. L. King</i>	969

Contents

ix

PAGE

WOOLEN, W. W. The Law Relating to the Traffic in Intoxicating Liquors and Drunkenness, 2 vols.—J. J. Sullivan	316
---	-----

NOTES

ALSTON, L. Elements of Indian Taxation	638
AVEBURY, LORD. Marriage, Totemism and Religion	638
BARRETT, J. The Pan-American Union—Peace, Friendship, Commerce	638
BEARD, C. A. (ED.). Loose Leaf Digest of Short Ballot Charters.....	283
BRANDEIS, L. D. Scientific Management of Railroads	283
CARTER, C. E. Great Britain and the Illinois Country, 1763-1774.....	639
CHAMBERS, J. The Mississippi River and its Wonderful Valley.....	284
DUGGAR, J. F. Southern Field Crops	945
ESCHER, F. Elements of Foreign Exchange	284
FORBES-LINDSAY, C. H. Panama and the Canal To-day	639
FRANK, R. J. Science of Organization and Business Development....	284
GARCIAS, G. (ED.). Documentos Para la Historia de Mexico—Paredes y Arrilaga	640
GARCIAS, G. (ED.). La Intervenci on Francesa en Mexico	640
GRANT, P. S. Socialism and Christianity	285
GUERBER, H. A. The Story of Modern France	285
GUITEAU, W. B. Government and Politics in the United States.....	285
HACKETT, F. W. Reminiscences of the Geneva Tribunal of Arbitration, 1872	286
HAPGOOD, N. Industry and Progress	946
HART, H. H. Cottage and Congregate Institutions for Children.....	640
HART, H. H. (ED.). Juvenile Court Laws in the United States.....	640
HECKER, E. A. A Short History of Women's Rights	287
HIRST, F. W. The Stock Exchange	641
HOLLANDER, J. H. David Ricardo—A Centenary Estimate	641
HORNE, H. H. Idealism in Education	287
HUSBAND, J. A Year in a Coal Mine	641
HUTCHINSON, W. The Conquest of Consumption	641
ILBERT, C. P. Parliament: Its History, Constitution and Practice.....	642
JANNEY, O. E. The White Slave Traffic in America	287
JOHNSON, A. The Almshouse—Construction and Management.....	946
JOHNSON, R. A History of the War of Secession, 1861-1865.....	288
KAMINER, S. (ED.). Marriage and Disease	644
LANDA, M. J. The Alien Problem and its Remedy	642
LARNED, J. N. A Study of Greatness in Men	289
<i>Le Case Sane Economiche e Poblari del Comune di Venezia</i>	946
LIEBER, F. Manual of Political Ethics, 2 vols.	289
MAC CUNN, J. Six Radical Thinkers	289
MACKINDER, H. J. The Nations of the Modern World	290
MARRIOTT, J. A. R. English Political Institutions	290
MASTERMAN, C. F. G. The Condition of England	291

	PAGE
MARX, K. A Contribution to the Critique of Political Economy.....	291
MCCARTY, D. G. The Territorial Governors of the Old Northwest....	291
MCPHERSON, L. G. Transportation in Europe	292
MILL, J. S. The Subjection of Women	297
MONTGOMERY, H. E. Christ's Social Remedies	292
MOORE, J. Meteorology, Practical and Applied	292
MUNDY, F. W. The Earning Power of Railroads	293
MUSSEY, H. R. (ED.). The Economic Position of Women	643
MUSSEY, H. R. (ED.). The Reform in the Currency	643
ORAGE, A. R. Friedrich Nietzsche, The Dionysian Spirit of the Age....	297
OVINGTON, MARY W. Half a Man	297
PALSITS, V. H. Minutes of the Executive Council of the Province of New York, 1668-1673. Vols. I and II	293
PERRIS, G. H. A Short History of War and Peace	643
PRINCE, L. C. The Sense and Nonsense of Christian Science	294
REMSEN, D. S. Post-Mortem Use of Wealth	298
SALLEY, A. S. (ED.). Narratives of Early Carolina, 1650-1708	644
SCHREINER, OLIVE. Woman and Labor	294
SEAWELL, MOLLY E. The Ladies' Battle	299
SENATOR, H. Marriage and Disease	644
SHAW, B. The Commonsense of Municipal Trading	644
SINGEWALD, K. The Doctrine of Non-Liability of the State in the United States	295
SMITH, D. W. The Law Relating to the Rule of the Road at Sea.....	295
SPARGO, J. The Common Sense of Socialism	296
SUMMERHAYES, MARTHA. Vanished Arizona	299
STEINER, E. A. Against the Current	644
TAYLOR, F. W. The Principles of Scientific Management.....	645
TAYLOR, F. W. Shop Management	645
TAYLOR, G. Australia: Physiographic and Economic	296
THOMSON, J. A. Darwinism and Human Life	645
WARD, G. H. B. The Truth About Spain	646
WEBB, S. Grants in Aid	299
WIDSTOE, J. A. Dry Farming	296
WOOD, W. A Corner of Spain	297
Report of the Annual Meeting Committee	279

SUPPLEMENTS

UNIFORM CHILD LABOR LAWS. July, 1911. Pp. 224.

WORK OF THE NATIONAL CONSUMERS' LEAGUE. September, 1911. Pp. 77.

PART ONE

*Industrial Insurance and Retiring
Allowances*



CIVIL SERVICE PENSIONS¹

BY HON. FRANKLIN MACVEAGH,
Secretary of the Treasury.

This is considered to be a materialistic age, and it is considered so because, beyond any question, it is so. But it is also a spiritual age. We make such tremendous material strides in this country and age—and do it so continuously and conspicuously—that we are apt to overlook the spiritual activities of the time, which are really far more extraordinary. Indeed, they are the most exceptional spiritual activities the world has ever seen. We are not usually compared favorably with the great period of Greece, nor with the early Renaissance of Italy, nor with the times of Elizabeth; but, after all, it is perhaps right to say that none of these great times of the spirit had such general spiritual life and activity as this particular materialistic age of ours.

The general interest in this subject of industrial insurance and retiring allowances is itself a concrete instance of the intellectual and moral activity—spiritual activity—of our immediate time. A very broad matter it is, this question of preventing the bread being taken away from the latter end of our lives. It is a great conception and purpose to complete civilization on that imperative side. It is a great conception of civilization, and it is a great conception of human obligation, this idea of providing industrial and other insurance, like protections and rewards. It is not merely humane; it is an uplifting of character and human standards in its promotion of thrift and foresight in the world. The widespread and acute interest in this question is very evident, and the activities in its behalf are also very widespread. In civil life, in industrial life, in the whole of the varied phases of our life this movement is taking root.

The one place where it is neglected, where the movement has no place, where as yet it has no life, is in the United States Government, and it is of that feature that I am going to speak to you

¹The address of Secretary MacVeagh, as presiding officer at the opening session of the annual meeting of the Academy, April 7, 1911.

for a few minutes. The situation in the National Government is, so far as retiring allowances or any allowances or pensions are concerned, that we have a perfectly enormous war pension list, a list that is not even a credit to us. It never had a scientific or acknowledged basis from the beginning, although it had a very worthy purpose. It, however, has lost a great deal of that purpose, lost its patriotic quality to a great extent, and has become largely a political pension list. This amounts to from \$150,000,000 to \$160,000,000 a year. Outside of that list, which is mainly, of course, right, just and proper, but in a large measure also an abuse, we have listed for pensions the army and navy officers and enlisted men, the officers and men of the revenue cutter service, the federal judges and some of the public health service. Outside of the few judges and health officers, the whole civil list is left without any consideration whatever, without any protection, without any thought. That is a statement of the situation in our Federal Government.

It is high time and most important that a retiring allowance should be established for the civil service of the Federal Government. The Federal Government itself absolutely needs it. We hear all this current talk about economy and efficiency. We can go a certain length; I have gone a certain length myself in my own department, and am going a certain length, but I am tied up as everybody else is in any effort really to produce economy and efficiency, economy through efficiency, by lack of a retiring allowance for the civil service servants. You cannot throw these people out on the street when they have grown old in honorable service—you would not throw them out on the street, and we do not throw them out on the street, but that is the only alternative. The only thing to do is to throw the old men and old women out on the street, or keep them in employment with their partial efficiency. We accept the alternative of keeping them there with their partial efficiency. It is necessary not only to the Government to have a retiring system, but it is fair and necessary to the clerks and employes themselves. They, too, are entitled to consideration on the part of this Government, and we are the only national government in the world which does not have a retiring allowance for its civil servants. So it is due to them by the universal standards of great governments, as well as due to the government itself.

All the arguments are in favor of it. Every argument in favor

of old-age protection in any form, in favor of any form of industrial or other insurance applies here, every reason that seeks to protect a man or woman in old age anywhere, applies here to these people of our Federal Government.

Now what are the obstacles? My experience, you may be surprised to hear me say, is that Congress is a much more amenable body than it gets credit for being. The trouble with this matter is that there is no wide or great public interest demanding action from Congress. Among the clerks themselves there is nothing but disagreement; among the employes themselves there is disagreement over the method of protection; one set wants a straight pension and the other set a contributory system. As a matter of fact the contributory system is the only one that can or will ever be adopted, and it is the only one which ought to be adopted; but it is an obstacle to us who are trying to get something done by Congress that the employes are divided. They are divided and probably will be, as long as they are left wholly to themselves and to their own disagreement. What we want, I come here to say to you who create public sentiment and study scientific questions and have authority, is public interest and agitation. I have come here to say to you that the thing which is lacking in the propaganda at Washington is public interest throughout the country.

No evidence of this lack is more convincing than the fact that in your program here to-day you have not given a place or a thought to the question of what should be done for our 200,000 government employes. I am speaking to you about it, but you did not know what I was going to speak to you about, for my subject is not mentioned in your program. I did not know myself, very long in advance, what I was going to speak about. I was coming, however, to be with you. Some one hit upon a subject for me at the last moment, because of the fact, I suppose, that I had brought it forward in my report to Congress. This is a most illuminating program, a most delightful one, a most important one, and devoted wholly to the provisions for old age, but none of you ever thought about the 200,000 servants of the United States Government for whose old age nothing is being done, and about whose old age very few are thinking. I hope we shall all think about it.

RETIREMENT SYSTEMS FOR MUNICIPAL EMPLOYEES

BY F. SPENCER BALDWIN, PH.D.,
Professor of Economics, Boston University.

The need of retirement systems for employes is generally recognized by far-sighted employers of labor. It is well understood nowadays that the practice of retaining on the pay-roll aged workers who can no longer render a fair equivalent for their wages is wasteful and demoralizing. The loss is twofold. In the first place, there is the direct loss involved in the payment of full wages to workers who are no longer reasonably efficient, and, in the second place, there is the indirect loss entailed by the slow pace set for the working force by the presence of worn-out veterans, and the consequent general demoralization of the service. On the other hand, it is certainly not a humane course to discharge employes who have grown old in the service and have not accumulated a sufficient amount to provide for their maintenance. Recognizing these considerations, many large corporations have in recent years introduced pension systems for their employes. The list of pensioning corporations is most impressive; it includes a large number of the leading railroads and industrial corporations of the country. It may be said that the provision of retirement allowances for employes has become a feature of the policy of the railroads and the trusts in dealing with the labor force.

The general nature of the leading schemes is substantially the same. Provision is made for the voluntary or compulsory retirement of employes at a certain age, with weekly or monthly allowance. The amount of the allowance is determined by the length of service and the wages of the employe. It is usually calculated on a basis of a certain percentage of the average wages for each year of service. The expenses of the pension system are commonly borne by the employer, without contribution from the employe. Often the pension system is combined with provision for sickness and accident insurance, organized on a contributory basis.

• The reasons that have induced corporate employers to make provisions for the retirement of aged workers would seem to hold

good in the case of municipalities. Indeed, the considerations pointing to the expediency of establishing retirement systems have double force in the field of municipal employment. Here personal and political influences come into play to prevent the discharge of employes who have outlived their usefulness; the loss from the retention of inefficient veterans on the pay-roll is probably greater than in the case of the private corporations. Thus the general reasons of economy and efficiency which call for the establishment of retirement systems are re-enforced by special considerations in the field of municipal employment.

Notwithstanding the evident advantages of a retirement system, no American city has yet established a general plan of superannuation allowances for its employes. The comparatively few pension plans now in operation in this field provide only for special classes of employes, chiefly firemen, policemen and teachers. A circular of inquiry sent out by the writer as investigator for the recent Massachusetts Commission on Old-age Pensions to the 33 cities in Massachusetts and to 94 cities in the country outside of Massachusetts, having a population of 25,000 or over, brought 86 replies. Of the 86 cities from which replies were received, 43 reported that no pensions of any kind were paid to public employes. Of the 43 cities having pension schemes of some sort, 38 cities pension policemen, 37 cities pension firemen and 12 cities pension teachers. Grouping the 43 cities according to the extent of the pension provisions, it appears that 10 of the cities have pension schemes for policemen, firemen and teachers, 23 for policemen and firemen, 2 for policemen and teachers, 5 for firemen alone, and 4 for policemen alone.

In 1910 the Massachusetts Legislature passed a general enabling act authorizing cities and towns to establish retirement systems for their employes. This is the first law of the kind to be placed on the statute books of an American state. No municipality, however, has yet taken advantage of the permissive provisions of this measure.

In contrast with American cities in this respect, European cities have generally adopted pension schemes of one sort or another for their employes. Indeed, it is a striking commentary on the backwardness of American municipal administration as compared with European that the leading cities of Europe have all established general retirement systems for their employes, while no American city thus far has taken such action.

There is a wide variety of detail in the provisions of municipal pension systems in Europe. Information concerning the pension provisions in 24 of the leading cities of Great Britain and the European continent was collected by the Massachusetts Commission, to which reference has just been made. It appears that the age of retirement in these schemes is variously fixed at 60, 65 and 70. The age 60 is the one selected in ten cases, the age of 65 in eight, and the age 70 in one. In the remaining four schemes retirement is conditional upon the completion of a certain period of service and not upon the attainment of a specified age. The schemes are about equally divided between the contributory and the non-contributory principle. Thirteen are contributory; that is, the expense is borne, in part, at least, by the participating employees. Eleven are wholly non-contributory; that is, the cost is defrayed entirely by the city. The amount of the employe's contributions varies from $1\frac{1}{2}$ to $5\frac{1}{2}$ per cent. of the wages or salary; the usual percentage is three. The amount of the pension is usually a certain proportion of the wages or salary of the employe, according to the length of service; the limits range from one-sixth to seven-tenths of the salary. All but two of the schemes provide for retirement in the event of incapacity, regardless of age.

The first question that arises in drawing up any plan of retirement allowances is whether the system should be contributory or non-contributory. Most existing pension systems in this country, including the corporation plans, as well as the special schemes for policemen, firemen and teachers, are wholly non-contributory; no part of the expense is assessed upon the beneficiaries. The wisdom of such non-contributory pension schemes is extremely doubtful. In particular, municipal employes receive good wages, and ought to be called upon to bear at least some part of the expense of a retirement system. The non-contributory principle enormously increases the expense of providing pensions. The effect of purely gratuitous pensions on the beneficiaries themselves is likely to be somewhat demoralizing. And the payment of non-contributory pensions to municipal employes tends to encourage agitation for the introduction of general state pension schemes for the aged. For these reasons it seems desirable that whatever may be done in the future in the way of providing retirement allowances for municipal employes should be based on the contributory principle.

On the other hand, it is just and reasonable that the municipalities should contribute something to the fund out of which allowances to superannuated employes are paid. Such contributions are to be regarded in the nature of extra compensation for long, faithful and efficient service. That is, in addition to the payment of current wages the municipality may properly undertake to pay a special extra allowance to workers who remain in the service a certain period of years and reach a certain age, meanwhile contributing to a fund for the provision of annuities for themselves in the event of their retirement. This is the logical justification for contributions to pension funds by employers of labor, whether private, corporate or public. The equitable arrangement in the case of municipal pensions appears, therefore, to be a division of the expense between the municipality and the employes on a basis of joint contributions.

The retirement plan embodied in the act passed by the Massachusetts Legislature in 1910 is based on this principle of joint contributions. The employes are to be assessed regularly on their wages and salaries at the rate of not less than one nor more than five, per cent., to provide a fund out of which annuities shall be paid to those retired from the service. Exception is made, however, in the case of employes receiving more than \$30 per week; such employes are not to be assessed on the excess above that amount, but simply on the flat basis of \$30 per week. The annuity received by each employe retired under the provisions of the act is such amount as his contributions during his period of service, accumulated with interest at 3 per cent. compounded semi-annually, will provide for him according to actuarial computation. In addition to the annuity, the employe is to receive in each case a pension of equivalent amount paid from the public treasury. In no case is the total allowance, including annuity and pension, to be less than \$200 per year, or more than one-half the average wages or salary during the ten years prior to retirement.

The age of voluntary retirement is fixed at 60 years; that is, employes who have reached that age may retire or may be retired by the board intrusted with the administration of the act. The age of compulsory retirement is fixed at 70 years; that is, employes who have reached that age must retire or be retired. An additional requirement of 15 years' continuous service is laid down for employes

retiring or retired at the age of 60. Furthermore, employees who have served 35 years continuously may retire or be retired at any age.

Participation in the retirement system is optional for present employees. It is obligatory for future employees, those entering the service after the establishment of the retirement system, with the exception of officers elected by popular vote and employees eligible for a pension from the municipality for any reason other than membership in the association.

In addition to pensions for subsequent service, pensions for prior service are provided; that is, employees in the service when the retirement plan is established are to receive, in addition to the pension which they may secure through their contributions to the annuity fund, an extra allowance equal to the amount of the annuity that they might have earned for themselves had the scheme been in operation when they entered the service and had they made contributions to the fund from that time in proportion to their current wages or salaries. It should be noted, further, that employees who had reached the age of 60 years when the retirement system was established, and employees who had reached the age of 55 years at that date and also became members of the association, may be retired with pensions for prior service without having completed the otherwise required service period of 15 years. Employees who had reached that age and declined to join the association may be retired with the minimum allowance provided in the act.

Provision is made for refunding the contributions of employees who withdraw from the service without becoming entitled to a pension. In case a member of the association leaves employment for any cause other than death before becoming entitled to a pension, there shall be refunded to him all the money that has been paid in by him, with regular interest. In case a member of the association dies before becoming entitled to a pension, there shall be paid to his legal representatives all the money that has been paid in by him, with such interest as may have been earned on the deposits.

The administration of the system is intrusted to a Board of Retirement, consisting of the city or town treasurer, *ex officio*, another member chosen by the Retirement Association composed of the participating employees, and a third member selected by the first two, or appointed by the mayor or the chairman of the Board of

Selectmen in case of their failure to agree. The Insurance Department of the Commonwealth is given certain powers of supervision with reference to the actuarial and administrative features of the system.

Thus far the case in favor of the establishment of some system of retirement allowances for municipal employes has been stated without direct reference to objections that have been urged against the proposed policy. It remains now to consider some of these objections. The economy of a pension system for municipal employes is not universally admitted. In general, the objection has been raised that the conditions of the municipal service are essentially different from those of the private service of the railroad and industrial corporations, and that consequently, while it may be sound policy for the latter to adopt pension systems, it would be unwise and wasteful in the case of the cities. Municipal administration, it is said, involves financing out of other people's pockets. The natural tendency, therefore, is toward extravagance and corruption. The element of politics must be taken into account. The establishment of a general retirement system for employes would furnish corrupt politicians new means of exploiting the taxpayers. For example, men might be placed on the pay-roll and then retired promptly to make room for others. Thus the pension roll might be padded like the pay-roll.

The force of this argument depends on the nature of the retirement system adopted and the safeguards thrown about its administration. The objection carries weight against any loosely drawn pension measure giving large powers to the officials entrusted with its administration, and permitting political influences to enter into the management of the system. It does not hold, however, against the plan embodied in the Massachusetts act. In this measure the conditions of retirement are definitely prescribed. In the case of employes entering the service after the system is established, retirement can take place only after the completion of 15 years of continuous service. The employes, furthermore, contribute to the retirement fund, and the size of the retirement allowance in each case depends upon the length of service and the amount of contribution. The system thus affords no chance to hand out gratuities indiscriminately. It may also be pointed out that the members of the Board of Retirement are to serve without pay. Moreover, the

approval of the municipal council is required in the case of expenditures incurred by the board. Again, the make-up of the board, as provided for in the act, is not likely to be determined by political influences. Finally, the system is placed under the supervision of the State Department of Insurance as regards its actuarial and administrative features. The argument in question is thus deprived of its force by the provisions of the Massachusetts plan.

A popular objection to municipal pensions, which influences many voters and taxpayers to oppose the establishment of retirement systems for city employes, emphasizes the injustice of taxing workers in general for the benefit of a special class of employes. The attitude of the man who urges this objection is that the class of municipal employes is a peculiarly favored one; its members draw good pay in easy berths. They ought to take care of themselves in old age. "Why should I be taxed," the objector asks, "in order to provide pensions for this favored class?" If pensions are to be granted at all, it is contended, they ought to be passed around to workers of all classes. It is unjust to single out any special group of beneficiaries. In this connection there appears to be a particularly strong objection in the minds of many opponents of municipal pensions to the payment of retirement allowances to clerks and salaried employes. Some who approve of retirement allowances for common laborers earning small wages, strenuously object to the extension of the benefits of the retirement system to better paid employes. It is argued, in support of this objection, that the handicap of age is much less in the case of clerical employes than in the case of manual laborers. It is said that an old man can push a pen when he could not swing a pick effectively.

The latter consideration contains a measure of truth; but the handicap of inefficiency is certainly there in the case of a clerical staff made up largely of old men, even if the loss on this account is less serious. Moreover, even if salaried employes ought to be expected to accumulate enough for their maintenance in old age, they do not, as a matter of fact, usually make such provision. The fact that an employe draws a good salary is no guarantee that he will not be found entirely resourceless when he reaches the age at which retirement in the interests of the service should take place. The city is confronted in this case with the dilemma of discharging a worn-out employe without means of support or retaining him to the disadvantage of the service.

As regards the fundamental objection that it is an injustice to tax the workers in general for the benefit of public employes in particular, it is to be observed that this contention rests on the assumption that a retirement system must involve an additional burden on the taxpayers. This assumption is entirely gratuitous. It would certainly not hold true of a properly organized contributory system with a large share of the expense borne by the employes. Private corporations even regard a wholly non-contributory system, in which the pensions are paid entirely by the employer, as economical. It is reasonably certain that a contributory system, such as is proposed in the Massachusetts act, would, in the long run, save money for the taxpayers. Such saving would be effected in three ways: First, through elimination of the direct waste of money paid to aged employes who had outlived their usefulness; second, through stoppage of the indirect loss entailed by the slow pace forced upon the rest of the workers by the presence of inefficient veterans; third, through the positive gain that would result from the substitution of younger men for the superannuated employes, from the increased efficiency promoted by the retirement system, and, possibly, from the attraction of a higher grade of men into the municipal service.

The Massachusetts plan, in particular, has certain features that should commend it strongly to persons viewing this question from the standpoint of the good of the public service or the interests of the taxpaying public. It is not a straight pension scheme, but is more accurately described as a plan of assisted age insurance for municipal employes, to be financed by joint contributions of the two parties concerned. In this respect it has distinct advantages over the pension schemes for policemen, firemen and teachers now in force, and the retirement systems of most railroad and industrial corporations. The beneficiaries are not offered a sheer gratuity or simple hand-out, but a retirement allowance provided in large part by their own contributions from their current earnings. There is no sentiment or philanthropy in the proposed plan; it is a plain business proposition. The city is not asked to "take care of" its employes for their benefit alone, but rather to take measures to promote a higher degree of economy and efficiency in the municipal service. Unquestionably, the system would, in the long run, diminish rather than increase the taxpayers' burden. Not the least of

the advantages promised by the system is that it would put an end to special legislation in this field by providing a comprehensive and logical solution of the retirement problem, which has thus far been dealt with only in piecemeal fashion. The multiplication of special pension acts for various classes of municipal employes, often inconsistent and contradictory in their provisions, involves confusion and injustice. The wise course is to adopt a system that will make provision for the entire force of employes once for all. The adoption of such a system is an essential condition for the development of a thoroughly satisfactory municipal service. Until this course is taken the service will continue to be handicapped by the dead weight of inefficiency, resulting from the continuance in employment of large numbers of worn-out workers.

CASUALTY INSURANCE COMPANIES AND EMPLOYERS' LIABILITY LEGISLATION

BY EDWIN W. DELEON,
President, Casualty Company of America, New York.

At the Conference of Commissions on Compensation for Industrial Accidents, held at Chicago, on November 10 to 12, 1910, the chairman of the New York commission summed up in a sentence the objects to be attained by all such commissions and the ultimate purpose of all such legislation, with the statement that what they tried to do was to pass a constitutional law, in which the cost for insurance would not be prohibitive and one that would not handicap the industries of the State in competition with those of other States. In other words, the most important practical questions that must be considered in any legislation of this character are constitutionality, competition and cost. I am not unmindful of the sentimental side of this great subject or of the ethical and sociological considerations involved in the doctrine of compensation *versus* litigation. It is mere idle repetition to say that the principles of workmen's compensation are founded upon humanity and justice, and that there is no longer any place among the enlightened nations of the earth for the antiquated, iniquitous doctrines of employers' liability that have survived the onward march of civilization and progress in this country alone. These ancient legal makeshifts, applicable to an age when the relations of capital to labor were comparatively simple, and the hazards of industry relatively light, must inevitably give way in the evolution of the world's development to the more just, humane and rational principle of *sic utere tuo, ut alienum non laedas*, that becomes the keystone upon which our industrial structures shall be reared in the future.

This brings us directly to the query, "What is the attitude of casualty insurance companies toward legislation affecting employers' liability and workmen's compensation?"

Broadly speaking, legislation is the *bête noir* of insurance companies in general, and of casualty insurance companies in particular. During 1910, eighteen legislatures considered 594 bills affecting

casualty insurance, of which 119 were enacted into law. Five States—New York, New Jersey, Illinois, Ohio and Rhode Island—and the United States Congress appointed commissions to investigate and report on the subject of employers' liability and workmen's compensation for industrial accidents. In addition to the States named, commissions are now at work in Massachusetts, Minnesota, Missouri, Wisconsin and Washington. In every case, the casualty insurance companies have contributed their share in helping to solve the problems confronting these commissions. Officials of the companies have appeared at the hearings and have frankly and fully expressed their views, based upon actual experience of years in the practical working out of many of the questions involved. Statistics have been freely furnished to corroborate the statements made. In every way the companies have shown not only a keen desire to learn how their mistakes might be corrected, but a ready spirit of co-operation in arriving at the basic principles for liability and compensation laws.

It is, perhaps, not too much to say that these commissions would be seriously handicapped in their work, and their efficiency greatly impaired, except for the practical help and valuable information furnished by the casualty insurance companies. The one great desideratum of the companies in all this legislation is the conservation of industrial efficiency, and the most adequate protection to employers and employes at the lowest insurance cost consistent with sound business principles.

It is a far cry, however, from the first labor legislation in the civilized world enacted one hundred years ago in England with the help of Lord Shaftesbury and Robert Owen to the present-day systems of regulating hazardous occupations, safeguarding dangerous machinery, limiting hours of labor and periodical inspecting of plants. In the great progress made in labor legislation during the last quarter of a century, the casualty insurance companies, since the organization of the first company, nearly twenty-five years ago, have been useful and important factors. The introduction of hazardous and complicated machinery, the "high pressure" methods necessary in the stress of competition, and the almost universal change from the individual employer to corporate control by the great "captains of industry," have effected radical changes in the relations of employers and employes, and have created a situation far removed from

the relatively simple conditions that existed when the common law doctrines of employers' liability were first established.

In this great evolution, that at the present time may be called revolution, the casualty insurance companies have played a conspicuous part. Some idea of the magnitude of their operations during eight years, ending December 31, 1909, may be gained from the following figures:

Number of policies issued	1,555,014
Premiums received and earned	\$124,705,322
Number of notices of injuries received	2,326,606
Amount paid on account of injuries	\$62,853,595
Average cost of each injury	\$27.01
Number of suits settled for account of policy- holders	60,986
Amounts paid for suits settled	\$29,263,889
Average cost of each suit settled	\$479.84
Reserve for unsettled suits	\$4,440,579

In the consideration of these great questions, the attitude of the state is paternal; that of the sociologist and the economist is idealistic; that of the reformer is benevolent, while the attitude of the casualty insurance company is remedial and preventive. It is said that social reformers in their strenuous advocacy of improved social conditions have mainly not in mind an abstract society for whose sake these improvements are to be made, but they think largely of the individual; of the high death rate of the babies from poisoned milk or mothers' ignorance; of the young girl, radiant with health and youth the early victim of a consumptive's grave; of the fatal industrial accident to the wage-earner that removes forever the head of the family, and at once transforms the self-supporting, self-respecting social unit into a shattered and dependent fragment of society, to be helped, and, if possible, rehabilitated in time above the need of charity. One of the nation's leading social reformers has recently said: "There is no merit in feeling for the woes of humanity if we do not, under the impulse of that sentiment, direct our energies to an understanding of the cause of their sufferings and to practical remedies. The medical diagnostician and the clinical psychologist are as necessary to the social worker as the sanitarian, the employment agency and the relief fund. Individual and family

rehabilitation is our specific task, and discriminating and thorough knowledge of individuals is a fundamental means to that end. We must know to what motives particular individuals will respond, what are their special weaknesses and dangers, what are their strong points and their exceptional capacities."

It is along these general lines that the casualty insurance companies are working in connection with the enactment of proposed legislation affecting employers' liability and workmen's compensation.

The difficulties of securing such legislation in the United States are too well understood to need any explanation here. While the tendency on the continent of Europe is unmistakably to substitute a system of state insurance for the liability of the employer for negligence, there is a great contrast between the facility of social legislation of this sort under the flexible constitution of a monarchical government like Great Britain, and the difficulty of securing similar legislation in forty-six sovereign states; each with its own rigid constitution and with the local conditions often designed to impede the passage of effective labor legislation. No better illustration of this is needed than the recent unanimous decision of the New York Court of Appeals declaring unconstitutional the workmen's compensation law of that state, the first legislation of the sort ever enacted in this country. The court held that the act deprives the employer of his property, without due process of law, in violation of the federal and state constitutions, and not justifiable under the police power of the state. Justice Werner wrote the opinion, in which all the members of the court concurred, and said in part: "Under our form of government, courts must regard all economic, philosophical and moral theories, however attractive and desirable they may be, as subordinate to the primary question whether they can be moulded into statutes without infringing upon the letter or spirit of our written Constitution." In discussing portions of the act that are regarded as clearly or probably within the legislative power, Justice Werner said: "We entertain an earnest desire to present no purely technical or hypercritical obstacles to any plan for the beneficent reformation of a branch of our jurisprudence, in which it must be conceded, reform is a 'consummation devoutly to be wished.'"

Prof. Henry W. Farnam, of Yale University, President of the American Association for Labor Legislation, in an address delivered

at the third annual meeting of the association, in December, 1909, stated that the economic ideal of the United States is perhaps most concisely expressed in that part of the preamble of the federal constitution which gives as one of the objects, "to promote the general welfare and secure the blessings of liberty to ourselves and our posterity."

There is serious question, however, whether "economic, philosophical and moral theories," however sound, or the commendable impulses of benevolence or charity, will justify in this country, the compensation laws that have been adopted by some constitutional monarchies. In some of those countries, working men are often treated as a sort of dependent and somewhat irresponsible class, requiring the paternal care of the state. No such distinctions exist or are encouraged here. Our laws are presumed to treat all those subject to the law with equal consideration and not to impose upon one class different responsibilities or obligations than upon another, but to hold each responsible for the consequences of his own acts, and not for the acts of others. Justice Werner emphasizes this feature of our jurisprudence and says: "We are unlike any of the countries whose industrial laws are referred to as models for our guidance. Practically all of these countries are so-called constitutional monarchies, in which, as in England, there is no written constitution, and the Parliament or law-making body is practically supreme. In our country, the federal and state constitutions are the charters which demark the extent and the limitations of legislative power; and while it is true that the rigidity of the written constitution may at times prove a hindrance to the march of progress, yet more often its stability protects the people against the frequent and violent fluctuation of that which, for want of a better name, we call public opinion."

It must also be borne in mind that commerce and business do not recognize state lines, and that in the enactment of legislation of this character, a manufacturer is confronted with competitors from other states, who may be subjected to very different legislation. Under such complex conditions, uniform state legislation would be highly desirable, although extremely difficult to accomplish, owing to the difference in local conditions, and, therefore, in local public opinion. The states that are newer in manufacturing and industrial growth are not so ready to adopt legislation that has been approved

and is readily enforced in the older states. Enlightened public opinion will, however, in the long run, come to realize that the regulation of the conditions of employment and adequate compensation for injuries of occupation under some fair optional plan are not only demanded by the dictates of justice and humanity, and are for the best interests of the whole community, but that from a purely economic point of view they mean increased productiveness, a higher degree of efficiency of employes and greater profits for the employer.

The attitude of the casualty insurance companies in the enactment of such legislation is helpful and hopeful. The companies have been criticised by some for the increase of liability rates in states where employers' liability laws have been greatly extended and enlarged. In justice to the companies, let it be said that much of the increase is due to uncertainty and to the necessity of fixing rates to cover the most extreme and possibly unreasonable construction that the courts may place upon such new laws. Under most employers' liability acts as now amended the employer is practically an insurer of his workmen and is an insurer for an indefinite amount limited only by the caprice of a jury. If this understanding of the enormous responsibility of employers under present laws is sustained by the courts it is extremely doubtful whether the increased rates of premiums are sufficient to enable the companies to carry on the business of liability insurance in future without a heavy loss.

In the state of New York, for example, the legislature of 1910 attempted to do what no legislative body in Europe has yet done; it enacted at the same time two laws, one a wide open employers' liability act, and the other a workmen's compensation law, and then gave to injured employes the right to choose whichever one was regarded as the more favorable.

The repeal of the compensation law does not, however, help the companies to any great extent, for the two measures have not in practice achieved the great purpose for which they were designed—of replacing the old idea of employers' liability with the new principle of workmen's compensation. Experience has shown that few workmen will demand the relatively small sum due them under the compensation law in preference to a suit under the employers' liability act with the chance of recovering a large sum in damages from a jury.

The present situation in many of our states requires the utmost

caution in the work of the underwriters, for the casualty insurance companies have an important trust in their keeping and must create and maintain a fund that will be amply sufficient to meet the demands of the great new burdens unloaded upon them by employers, and they must also be ready and able to provide adequate compensation to injured employees. It would be nothing short of a national calamity if one of the leading companies should find that it had not procured rates sufficient to cover the new and greatly increased obligations created by the laws recently enacted. The insurance companies have been accused of secretly, if not openly, advocating the passage of some of these laws, as an excuse for raising rates, and adding to the already great profits that they are assumed, however erroneously, to make out of their patrons. As a matter of fact, the people make the laws, and the companies make the rates, but the solution of the problems created by the laws is left to the insurance companies. Some one has said that you cannot lower the mortality in a community by abusing the undertaker. The companies are doing the best they can to meet the trying conditions that constantly arise through the enactment of new laws. They do not waste time in criticising these measures or in emphasizing their defects, but by an honest concerted effort they are striving to find the best way out for the benefit of all concerned. Above all, the casualty insurance companies do not desire to perpetuate the present unsatisfactory system of compensating workmen for injuries sustained, and will welcome any legislation that provides a fixed definite scale of compensation for occupational injuries, which will enable the companies to adjust the rates of premium upon a basis that has for its ultimate purpose the elevation of the business of liability insurance to the highest plane of utility and permanence.

In closing, I am reminded of the words of one of our best known, best beloved and most eminent social workers, Jane Addams, on the human conservation in industry: "We must insist that the livelihood of the laborer shall not be beaten down below the level of efficient citizenship. From the human standpoint, there is an obligation upon charity to discover how much of its material comes as the result of social neglect, remedial incapacity and the lack of industrial safeguards. Is it because our modern industrialism is so new, that we have been slow to connect it with the poverty all about us? The socialists talk constantly of the relation of economic wrong

to destitution, and point out the connection between industrial maladjustment and individual poverty, but the study of social conditions, the obligation to eradicate poverty cannot belong to one political party, nor to one economic school, and after all, it was not a socialist, but that ancient friend of the poor, St. Augustine, who said: 'Thou givest bread to the hungry, but better were it that none hungered and thou hadst none to give him.' "

SOME FEATURES OF OBLIGATORY INDUSTRIAL INSURANCE

BY JAMES HARRINGTON BOYD, D.Sc.,
Chairman of the Employers' Liability Commission of Ohio.

The legislatures of fourteen states have passed statutes abolishing the fellow-servant rule.¹ Seven or more of the states have modified one or more of the common law defenses, either by statute or by decision of their courts, along the following lines:² (1) Adopting the doctrine of comparative negligence, which has always been the rule and common law in certain states, like Georgia and in admiralty causes in the federal courts; (2) changing the burden of proof of contributory negligence from the plaintiff to the defendant (as has always been the rule in the federal court and some states), as for example, in Ohio and Oregon; (3) taking away the defense of assumption of risk when the risk assumed was caused by the fault or negligence of the employer.

The tendency of the development of the statutory law during the last few years, relative to the recovery of compensation for injuries to workmen which arise out of their employment, is to wipe out the common law defenses, leaving the action based solely upon the fault of the employer.

The chief sources of the friction between employer and employe, the rapid increase in the demands for charitable relief and care for delinquent children, and the corresponding demand for compensation for all personal injuries which workmen receive in the due course of their employment, continue to exist largely because compensation for injuries can only be obtained when the employe can prove *fault* on the part of his employer.

Fault or negligence of the employer can be proven in much less than 20 per cent. of the cases, and, what is most startling, no matter how careful the employe and the employer are, or how high the efficiency of the state may rise in the prevention of accidents, the cause of 50 to 55 per cent. of all accidents to employes is

¹ Arkansas, Colorado, Florida, Georgia (1885), Iowa, Kansas, Minnesota, Montana, Nebraska, Nevada, North Carolina, Oklahoma, South Dakota and Missouri.

² California, Mississippi, Ohio, Oregon, South Carolina, Utah, Virginia.

solely due to the natural hazard or dangers of the business—the combined negligence of the employe and the employer. On the other hand, the cause of 16.8 per cent. of all accidents are traceable to the negligence of the employers, and the cause of 28.9 per cent of all accidents is attributable to the negligence of the employes.³ Under the practical operations of the common law remedy, based upon fault, it is impossible to prove the employers negligent in anything like 16.8 per cent. of the cases of injuries to employes. For that reason, the old theory of making fault the basis for an action to compensation for injured workmen has been abandoned.

The only available statistics in the United States showing how much compensation the dependents of workmen killed or workmen injured receive under the present laws in the United States are in the reports of the investigations made by the Russell Sage Foundation in Allegheny County, Pa., 1906 and 1907; the investigations of the Employers' Liability Commission of New York State, and those of the Liability Commission of Illinois, during the years 1909-1910, and the investigations, now about complete, which have been made by the experts of the Employers' Liability Commission of Ohio in Cuyahoga County (Cleveland), during the months of November and December, 1910, and January and February, 1911, covering fatal and non-fatal accidents for the period of 1905-1910. On account of the great importance of the results of these investigations in framing laws providing for industrial insurance to workmen, a *résumé* of their results is given.

New York Statistics

During the years 1907-1908, ten insurance companies, which keep employers' liability records, doing business in the state of New York, received in premiums from employers, \$23,524,000; they paid to injured employes, \$8,560,000; waste, \$14,964,000.⁴

It should further be added that ten liability insurance companies settled 414,000 cases in the three years prior to 1910 in New York by making payments in any sum at the rate of one payment in eight cases or in 12½ per cent of the cases. —(N. Y. Report p. 25.)

Nothing could more strikingly set forth the waste of the present system than the fact that only 36.34 per cent. of what employers

³ Employers' Liability Report of Ohio, Part I, page xxix.

⁴ Employers' Liability Commission of New York, First Report, page 31.

pay in premiums for liability insurance is paid in settlement of claims and suits. Thus, for every \$100 paid out by employers for protection against liability to their injured workmen, less than \$37 is paid to those workmen; \$63 goes to pay the salaries of attorneys and claim agents, whose business it is to defeat the claims of the injured, to the cost of soliciting business, to the cost of administration, to court costs and to profit. Out of this 36.34 per cent. the injured employe must pay his attorney. The same report shows that the attorneys get 36.3 per cent. of what is paid to the injured employes.

This investigation covers forty-six cases, where the recovery was about \$1500 each. In small recoveries the attorney fees take a larger proportion. This report shows that somewhere between 20 and 25 per cent. of the money paid by the employing class, actually passes to the injured workingmen for their dependent families in death cases.

The proportions of the loss borne by employers in injury cases does not differ greatly from that in death cases. Thus, out of 388 injury cases of the married men alone, 56 per cent. receive no compensation; of single men contributing to the support of others, 69 per cent. receive no compensation; single men, without dependents, 80 per cent. receive no compensation.

Russell Sage Foundation Investigations in Allegheny County, Pennsylvania

The investigations recently conducted in Allegheny County, Pa., under the direction of the Pittsburgh Survey, showed that out of 355 cases of men killed in industrial accidents, all of whom were contributing to the support of others, and two-thirds of whom were married, 89 of the families left received not a dollar of compensation from the employer, 113 families received not more than \$100, 61 families received something more than this \$100, but not more than \$500. In other words, 57 per cent. of these families were left by their employers to bear the entire burden of the income loss, and, granting that all unknown amounts would be decided for the plaintiff, only 27 per cent. received in compensation for the death of a regular income provider more than \$500, a sum which would approximate one year's income of the lowest paid of the workmen killed.⁵

⁵ First Report of the Employers' Liability Commission of New York, page 31.

Wisconsin Statistics

The Wisconsin Bureau of Labor and Industrial Statistics reports that in 306 non-fatal cases in which reports were received by mail from workmen while at work the compensation was as follows:^a

	Cases.	Per Cent.
Received nothing from employers	72	23.5
Received amount of doctor's bills only.....	99	32.4
Received amount of part of doctor's bills	15	4.9
Received something in addition to doctor's bills....	91	29.7
Received something, but not doctor's bills.....	29	9.5
Total	306	100.00

In two-thirds of the cases, part or all of the doctor's bills were paid; in less than a third was anything more paid, and in about one-fourth of the cases nothing whatever was paid.

In 131 non-fatal cases in Wisconsin, concerning which reports were secured by factory inspectors, the following disposition was made:

	Cases.	Per Cent.
Received nothing from employer	28	21.37
Received doctor's bills only	56	42.75
Received something in addition to doctor's bills....	10	7.63
Received something, but not doctor's bills.....	34	25.96
Not settled	3	2.29
Total	131	100.00

Illinois Statistics

The Employers' Liability Commission of the State of Illinois has recently made a report on its investigation of industrial accidents and employers' liability. More than 5000 individual accidents were investigated and recorded, together with comparative figures and analysis. The results of the investigations of the Illinois Commission are given by Edwin R. Wright, secretary of the Commission, and president of the Illinois Federation of Labor.

Six hundred and fourteen fatal accidents were recorded. The families of 214 of these workers received nothing in return for the loss of the breadwinner. One hundred and eleven damage suits

^aFirst Report of the Employers' Liability Commission of New York, page 31.

are pending in court. Twenty-four cases have been settled through court proceedings. Two hundred and eighty-one families settled directly with the employer.

Skilled railroad employees, in settlement for death claims, averaged about	\$1,000.00
Steel workers	874.00
Railroad laborers	617.00
Skilled building tradesmen	348.00
Skilled electric railway employees	310.00
Unclassified workingmen	311.00
Miscellaneous trades	292.00
Packing house employes	234.00
General laborers	154.00
Mine workers	155.00
Electric railway laborers	75.00

Of every 100 industrial accidents, 15 go to court, 7 are lost and 8 are won. Ninety-two injuries out of every 100 receive no compensation. (This includes both fatal and non-fatal accidents.)

There have been 53 fatal cases of recent date. In fatal cases, the usual defenses of the employers—the fellow-servant doctrine, assumption of risks, etc.—did not apply, or there would have been no recovery at all. For these—the very pick of industrial cases—the average recovery for death was only \$1877.36, of this an average amount of \$740.95 was paid to attorneys or expended on court fees, etc., leaving an actual payment of \$1126.41 to the family of the dead worker; 34 widows were compelled to seek employment and 65 children left school to help keep the wolf from the door.

Germany and England

The German state insurance during the twenty years ending in 1905 required payments amounting to \$802,000,000. Of this sum, \$555,750,000 were paid on account of sickness insurance; \$232,750,000 were paid on account of accidents, and \$13,500,000 paid on account of invalidism and old age. To the fund necessary to make these payments, the employer contributed \$424,500,000. The employes contributed \$377,000,000, and the Imperial Government paid the cost of administration and a small portion of the funds necessary to take care of invalidism and old-age pensions (50 marks in each case insured).

The general rules in respect to the raising of the insurance fund are that the employes should pay two-thirds of the fund necessary to take care of sick insurance, which lasts for thirteen weeks, and the employers pay one-third. In the case of accident insurance, the employers pay 85 per cent. and the employes 15 per cent. In the case of invalidism and old-age insurance, the Imperial Government pays \$12.50 for each person injured, and the remainder of the fund is paid half and half by the employers and employes. The German plan in 1907 had 27,172,000 workingmen insured against sickness, accidents and old age, out of a population of 62,000,000 people.

The English plan, in 1908, provided for the insurance of 13,000,000 workingmen. In case of death, the compensation paid is, at most, three years' wages, £300 or \$1460, with a minimum payment of three years' wages at £150 or \$730. In case of disability lasting longer than one-week, the compensation paid is one half-week's average wage, not to exceed \$4.87, as long as the disability lasts. Responsibility for the payment of the compensation rests solely on the employer, and employes are not required to insure.

In both the German and English plans the rules of contributory negligence, assumption of risk, and the fellow-servant rules are abolished, and the only kind of negligence recognized is that of malicious negligence on the part of the employer or employe.

The statistics of the United States show that over 50 per cent. of all industrial accidents are due to the inherent dangers and risks of the industrial business, that not to exceed 20 per cent. of all these accidents are due to, or attributable entirely to, the negligence of the employer, and that, at most, 25½ per cent. are attributable solely to the negligence of the employe. *The common law furnishes no plan of relief, except where it can be proven that the defendant is at fault. Therefore, the common law affords no relief for something like 80 per cent. of all workingmen injured and killed in the United States. The lowest estimate of the number of persons injured and killed in industrial accidents in 1909 is 536,000 people.*

Montana, in 1910, put in operation a mutual plan of insurance for coal miners. The compensation paid the wife and children or dependents of a miner killed in the due course of his employment is \$3000. In case the miner is totally disabled by an injury, he is paid \$1 for each working day during disability. The loss of an eye, or limb, caused by accident to a miner while employed in or

about a mine is compensated for in the sum of \$1000. The compensations are paid from a fund which is administered by the auditor of state. The operators contribute to this fund according to the quantity of coal mined, and are authorized by law to deduct 1 per cent. from the wages due the miners.

The New York act of 1910 provided for a compensation to workmen ranging from \$1500 to \$3000 in case of death. Other injuries were proportionately compensated. These payments were to be borne by the employer whether he was or was not at fault. The injured workman had the choice of suing at law or of taking the compensation. The Appellate Court of New York has held this law unconstitutional.

The employers' liability commissions of Washington, Minnesota, Wisconsin and Ohio have reported acts to their respective legislatures recommending plans for compensation of workingmen for injuries without regard to fault. The Washington act provides a plan of obligatory mutual insurance, the state being the custodian of the fund. Compensation varies from \$1500 to \$4000 in case of death or total disability. This law has been enacted. Non-fatal injuries are compensated for at about 60 per cent. of the impairment of wages of the workingmen injured. The act defines a large class of dangerous employments. The employe waives the right to sue, and is compelled to accept the compensation provided by the act in lieu of all other remedies. The Washington plan also stipulates that the employer shall contribute to the first-aid fund 4 cents for each workday that an employe worked, which takes care of the injured workingman for the first three weeks following the injury. The law authorizes the employer to deduct 2 cents each workday from the wages of his employe.

The Minnesota plan is based upon state insurance and is applicable to all dangerous employments. The compensations are liberal, ranging from \$1500 to \$3000, in case of death. The compensation for workingmen partially disabled is 50 per cent. of the impairment of their earning power. The Wisconsin act is optional and follows the New York act in its principles and amounts of compensation.

New Jersey, in 1911, enacted a comprehensive employers' liability and workingmen's compensation law.

Massachusetts, Connecticut, Missouri and Texas have com-

missions studying the problem. Many of the other state legislatures are considering bills to abolish or largely modify the common law defenses.

The International Harvester Company has put into operation a voluntary plan of industrial insurance which provides compensation varying in amount from doctor's bills to \$4000. The employees are not obliged to contribute anything to the fund, and compensations are paid without regard to fault. The acceptance of the compensation releases the company from a suit at law.

These numerous state commissions are endeavoring to answer the question, What plan of compensation shall be substituted for the old common law action based upon the fault of the employer? The evidence indicates that the most just and efficient remedy is obligatory industrial insurance, such as prevails in Germany.

WORKINGMEN'S COMPENSATION IN THE BREWING INDUSTRY

BY LOUIS B. SCHRAM,

Chairman of the Labor Committee, United States Brewers' Association,
Brooklyn, N. Y.

I have no fault to find with those who are ready, for a consideration, to undertake to carry the burden which our present laws throw upon the employe, but I do have fault to find with a system of laws which throws upon the workman the entire burden of the risk of his employment. I do find fault with a system which says to the family of a man, killed in the course of his employment, that they have no remedy because they cannot prove that the employer has been negligent. Casualty insurance simply shifts the paymaster, and it does so at a very great cost, but it still leaves in effect a system which is so unjust that it is surprising that the public has not long ago risen in its might to end it.

Under our law, which is the common law, and which, in this country, has not been successfully modified in its underlying principles, the workman bears the entire load; the employer is practically free from obligation, provided that he is not guilty of negligence. It is said, a man does not have to go into that employment, and if he does undertake that employment he must take the consequences. Men must live, they must earn their living, and the work must be done. The community does not say to the employer when he enters into a certain enterprise that there are certain risks attached to it, and that he should carry the risks as well as the workman. The injustice is apparent—it seems unnecessary to dwell upon it.

We have not been able to find the remedy so successfully as have the older countries of Europe. They took up the subject long ago, they have solved the problem and solved it well. Their answer to the question is one that is open to us. We know what they have done, we know what they are doing, and yet our hands are

tied and we cannot follow their example. What is the reason that this question of employers' liability and workmen's compensation has been satisfactorily solved in the old countries of Europe? The reason is that in these countries the Government has greater authority and, therefore, feels the corresponding responsibility; the Government is to a large degree paternal, and the citizen cheerfully accepts that condition and welcomes the efforts of the Government in his behalf. Foreign Governments, unhampered by constitutional limitations, have taken up the question of workmen's compensation, and have established a system of compensation for industrial accidents, in which the question of fault or negligence of employer or employe cuts no figure whatever. It is considered that the risks of the occupation are to be borne by all those who are engaged in that occupation, and that it is not right to throw a larger burden on the workman than on the employer.

The subject has been taken up in this country, and we run against constitutional provisions, federal and state, which appear to render us helpless. Either we must amend the constitutions of the states and of the United States, in order that satisfactory compensation laws may be enacted, or the question must be solved by voluntary industrial insurance. Whether the constitutional inhibitions will ever be removed I do not know, but I do know that such a result could be accomplished only after many years of effort, if at all. Many employers, having the interests of the men who are working for them at heart, have made up their minds that a proper and universal solution is far distant, and they have undertaken to furnish a solution themselves, and that has brought into existence the many voluntary compensation plans which you, no doubt, know of. They go far toward palliating the evil, but they do not go far enough, for the reason that being voluntary, and, therefore, confined to those who are sufficiently public spirited to submit to a considerable pecuniary sacrifice, they beneficially affect a comparatively small number of employees.

I want to call attention to a plan of compensation which has interested very many in the industry in which I am particularly interested, and which, on account of the peculiar conditions, I believe will serve as an object lesson to all the world, because it probably will be universal in the industry, although voluntary. A considerable number of those who are engaged in the brewing

industry have an organization called the United States Brewers' Association, which has for its object the consideration of all those affairs which go toward the improvement of the industry and those engaged in it. The association embraces a very large proportion of those engaged in that occupation. They employ about 100,000 men, and all of these men are organized in unions. All of the brewers employ, in their operations, union men, both in the process of brewing, delivering the product, in the engineering department and throughout their plants.

This condition of affairs suggested that through a broad, strong organization, on the part of the employers, and an equally broad and efficient organization on the part of the employees, provided the co-operation of these two organizations could be secured, it would be possible to work out a satisfactory plan of compensation. The attempt has been made, and the advances of the employers were promptly and readily met by the workmen, and it was thought that this matter could be disposed of in a very short time. It soon became apparent, however, that in order that this plan might be efficient and permanent, it must be established upon a sound basis, and upon complete data, such as are used by insurance companies. Accordingly, the unions were called upon to furnish figures of the extent and duration of disabilities caused by injuries sustained by their members in their employment, and this they have just done. With considerable trouble to themselves they have collected a mass of data which has been submitted to the employers, and by them to experts, who are to classify it, and furnish a report upon which a plan of compensation is to be worked out. When this is done a fund is to be created to which employer and workmen shall both contribute, and in the administration of which both employers and workmen will have a voice. The fund, of course, is contributed to a large extent by the employers and in smaller part by the employees. This is to be administered by a committee consisting of employers and workmen. All accidents will be compensated for out of this fund, irrespective of any question of fault or negligence. When the family of a workman is deprived of its means of support, here will be found a fund out of which the loss will be adjusted and compensation made.

It is expected, from the statistics so far available, that this fund, which is to be annually renewed, will also be sufficient to provide for old-age pensions. If that can be done, and the outlook is

favorable, I believe the state and federal governments will find an illustration of what can be done, and of what ought to be done, by legislation, preceded by amendments of constitutions, if necessary. What is successful as a voluntary matter will, of necessity, be all the more successful when it becomes universal because based upon compulsory legislation.

RESULTS OF VOLUNTARY RELIEF PLAN OF UNITED STATES STEEL CORPORATION

BY RAYNAL C. BOLLING,

Assistant General Solicitor, United States Steel Corporation.

Before I start to speak directly upon the subject assigned to me, I should like for one moment to put myself on record as opposed to certain ideas which were presented here this morning (April 8, 1911, Annual Meeting of the Academy). Logically, I suppose I ought to put that at the end of what I have to say, but practically, the speakers' time limit might cut me off; and while I am perfectly willing that the chairman should cut off my eloquence, I do not wish him to cut off my ideas.

I am opposed to the principle that workmen should contribute to these plans of compensation, and I say this as a representative of the employer. I am also strongly opposed to any plan which I have thus far seen of state insurance, as applied to the states of this country. It may have worked very well in Germany, but I think there are many serious objections to it here. The chief objection to my mind is this—I think it will do more than any one can calculate to discourage endeavors on the part of employers for the prevention of accidents. I believe that later I can show you where and how it will work that way. If it does, it will do a great deal more harm than it can possibly do good; because the prevention of accidents is even more important than provision for the men who are injured and for the families of those killed. This is a case where not only is an ounce of prevention worth a pound of cure, but it is worth while using a pound of prevention if you can avoid need of an ounce of cure.

The problems presented by industrial accidents are not at all new to the United States Steel Corporation. For ten years very earnest and constant efforts have been made to better conditions arising from work accidents.

United States Steel Corporation experience in accident prevention and relief may be divided into three periods:

The first period covers five years following the organization

of the Corporation in April, 1901. This was a period during which the twelve or more great subsidiary companies dealt with accident problems each in its own way.

The second period began five years ago when the Law Department of the corporation commenced to act as a clearing house for all casualty matters and presently brought about the uniform methods of accident prevention and relief now in operation through the central Safety Committee.

The third period is that upon which we are now just entering—when the states are establishing by law new systems of relief for men injured and the families of men killed.

For years before the public became interested in these problems every subsidiary company of the corporation had been trying to better conditions due to work accidents. Unaided by any strong public opinion these efforts had brought to employees of these companies much better conditions than existed generally, for instance: For ten years or more employees of our companies have been able to turn directly to their employing companies for relief in case of accident. The subsidiary companies did not insure themselves against accidents, but paid their money directly to the men injured and the families of men killed. This allowed a personal relation between the injured men and their employing officers and permitted some disregard for mere questions of legal liability. Instead of only thirty per cent of the money spent being paid to the injured men, for years nearly eighty per cent of the money spent by the United States Steel Corporation for work accidents has been paid to the injured men and their families. The sums thus paid directly to the men have averaged a million dollars a year.

The fact that the United States Steel Corporation employees have felt that they were treated fairly is proved by the record that in five years only one employee out of every 200 injured was dissatisfied with what was done for him and sued the company. Even among those seriously injured only six in a hundred refused what was offered and brought suit. Of the \$1,000,000 paid to the men each year, \$52,000 was the highest amount ever paid in judgments in any year.

Each subsidiary company had its separate and well organized casualty department. The men in charge were not mere claim agents. Their orders were not simply to pay out as little money as

possible. They were instructed to pay what was needed to assist injured men and their families, even when there was no legal liability. These men also investigated each accident in order to prevent others like it and did all they could to increase the safety of the men.

Although much had been accomplished by the subsidiary companies prior to 1906, United States Steel Corporation interest in these problems brought even greater results, and in the last five years the corporation has organized for its employees what we believe to be the largest and most effective system of accident prevention and relief yet organized in the United States: A Central Safety Committee of seven members is chosen annually from among the men employed in casualty matters for the subsidiary companies. This committee acts under the supervision of the United States Steel Corporation Law Department, to which there is permanently attached one of the members of the safety committee, a former plant superintendent who distinguished himself in safety work. To this committee there is reported every serious accident among the entire 200,000 employees. At each meeting the circumstances of all serious accidents are considered, their causes are ascertained and endeavors are made to prevent any more accidents of the same sort. Whenever any safety device or other method of preventing any sort of accident is tried and found effective, complete information is sent to the safety committee. The committee investigates the matter, and if it finds the device or method is good, every subsidiary company is notified and furnished photographs, blueprints, specifications and descriptions of this new safeguard.

At every meeting of the safety committee certain plants of different subsidiary companies are selected for inspection. Inspectors are selected from companies other than those owning the plants,—companies which maintain rivalry in safety work. These inspectors are appointed as representatives of the safety committee. They report to it and not to the companies or plants concerned in the inspection. They criticise everything which they consider unsafe and commend every effort to increase the safety of employees. Then the safety committee examines these reports and sends them to the companies concerned for adoption, unless some objection is offered to any of the inspectors' recommendations. Within thirty

days the safety committee receives returns showing whether all the recommendations of its inspectors have been adopted. Nine out of every ten recommendations are adopted without question, but now and then the plant manager or local inspector wishes to offer some other suggestion. In such cases the safety committee looks into the matter with care and perhaps sends one or more of its own members to inspect the place before making its decision. Notwithstanding the fact that the plants, mills and mines were already inspected by state factory inspectors and by the casualty departments of their own companies, this system of safety committee inspection has produced in three years 7,000 recommendations for the greater safety of employees, all but 400 of which were carried out without question.

One of the most valuable ideas originated by one of the subsidiary companies and put in force in all the companies through the operations of the safety committee is the idea of having all plans for new construction, drawings and orders for machinery checked for safety. In every drafting room one man is delegated to make sure that in the preparation of plans and drawings, provision has been made for safety devices and all possible dangers of construction avoided. No new machinery will be ordered or old machinery reconstructed unless the plans and specifications bear the endorsement which shows that they have been examined from the standpoint of safety to the workmen. Without such endorsements they will not be passed by the purchasing or other operating departments. This has been a great benefit in the way of safety and has also saved much expense, because machinery which could have been equipped with safety devices readily enough when it was built can often be safeguarded afterwards only at great trouble and expense.

There is a biblical text which says: "Except the Lord build the house they labor in vain who build it," and likewise, unless the workman takes thought for his own safety, they labor in vain who seek to protect him. In the United States Steel Corporation the workmen themselves have been interested and enlisted in these endeavors to increase their safety. Over the gates at which they enter, large signs, illumined at night, urge them to take thought for their own safety and for that of others. For example, these signs say: "To be careless, thoughtless or reckless means injury sooner or later to yourself or others;" "The more you insist upon careful-

ness on the part of others and exercise it yourself, the safer it will be for all."

Upon the pay envelopes in which the men receive their wages are printed little sermons for safety, such as: "Keep in mind at all times the necessity for care and watchfulness;" "Your efforts to prevent carelessness and correct dangerous conditions will make it safer for you and for your fellow-workmen." Every few weeks the signs and the sermons change, but always they seek to interest the men in the efforts which are made for their safety.

Everywhere inside the steel mills signs indicate all sources of danger, and some of the companies have adopted the German practice of painting red all guards for machinery and other safety devices so that the men may see all about them the evidences of concern for their safety and may assist in the endeavors of their employers.

Many of the companies have organized in each plant committees of foremen and committees of workmen. Membership in these committees changes each month, so that in time a great many of the workmen will have served on the committees. These committees make inspections at intervals which vary in the different plants from once a week to once a month, and the men are allowed from their work whatever time may be required for their services on the committees. Members and former members of the committees are given insignia to indicate that they are a part of the general safety organization. They have been taught to look for dangers; they know their suggestions will be received and acted upon, and they have become fellow-workers with their employers for the safety of everyone in the mills.

These endeavors to safeguard its workmen have cost the United States Steel Corporation over a million dollars; they require the work of nearly one hundred men, and they receive attention from the highest executive officers in the subsidiary companies and the United States Steel Corporation itself; yet the results are felt to have fully justified this great expenditure of money and attention. In five years the serious accidents to workmen of the United States Steel Corporation have been reduced to one-half their former number. This means that each year there now escape injury some 2,600 men who would have been seriously injured each year under the conditions of five years ago.

Industrial accidents present two problems: (1) prevention of all accidents which can be avoided; (2) relief of men injured and the families of men killed in the large number of accidents which are unavoidable. The United States Steel Corporation has not only applied the maxim that an ounce of prevention is worth a pound of cure but it prefers to use a pound of prevention rather than have need of an ounce of cure. Nevertheless, every commission which has studied this question has declared that in modern industry a large number of accidents are unavoidable. For the men who are injured and the families of men who are killed the United States Steel Corporation has provided a plan of voluntary accident relief. That is our name for workmen's compensation; we think compensation is a misnomer, a vestige of the old theory of legal liability, for there is no way to compensate a workman for the loss of an arm or leg. Our accident relief was put in operation a year ago, in advance of any legal requirement. Under this plan there is no question of legal liability. The injured workman is given relief, even though his own fault led to his injury. The amount of relief is specified more definitely than in the German and English laws. Copies of the plan, printed in thirteen languages, are distributed to the workmen, who can see for themselves just what will be done for them if they are injured, and for their families if they are killed. The plan is flexible, providing more for married men than for single men and increasing the amounts with the size of the family. Men earning high wages receive more than men earning low wages, and the longer a man has been employed the larger his relief in case of accident. All this is given without any contribution from the men themselves. The payments are made even when those who receive them are ignorant that they are entitled to anything and have made no demand. After a year's trial this plan is considered thoroughly successful. It has gratified the men and has diminished litigation. We believe it has done a great deal to establish better relations between the United States Steel Corporation and its employees.

We are now entering upon a new era in the relations of employers to their injured employees. The old idea of liability only when the employer was at fault is being changed to a system of relief, regardless of fault. The United States Steel Corporation has already put into operation this new system. It has done this voluntarily and without the aid of any statutes. Obviously the

United States Steel Corporation is in favor of fair and reasonable statutes of this kind. But when we make this great change in the legal principles under which we have lived so long, it behooves us all, employers, employees and legislators, to be fair and reasonable. Some of the theories put forward in proposed legislation seem to me obviously unfair and unsound in principle, for instance:

It is unfair that the employer shall be compelled to give compensation regardless of fault if the employee is not bound to take it, because the workman cannot rightly ask to be compensated for injuries due to his own fault, yet for the fault of his employer seek to recover a much larger amount from a jury verdict. If fault is to be disregarded it must be disregarded equally whether it be the fault of employer or employee.

It is unreasonable to pass statutes under which either the employer or the employee is allowed to choose after the accident whether the compensation act or the common law shall govern, because the employer will assume that he must prepare to defend himself in court and he will regard his injured employee with distrust and antagonism, while the employee will be tempted by his selfish interests to threaten and dicker, to gamble on the chance of a large jury verdict and to take bad advice as to that chance. All the useless waste, delay and unfortunate antagonism which exist to-day will be continued.

I do not believe either on principle or in practice that statutes should require contribution from the workmen, because:

On principle, the workman's loss in wages is his contribution. If he is disabled for two months he receives fifty per cent of his wages and loses the other fifty per cent. That loss is his contribution, why should he be required to pay part of the employer's share?

In practice any contribution by the workmen requires state administration of the funds, and this seems to me most objectionable of all the plans put forward. You ask why I consider state insurance the worst plan which has been proposed? My reasons are:

1. It is bound to discourage endeavors to prevent accidents, because all employers in the same kind of business are placed in one class and pay the same premium, regardless of the amount of money and effort spent in making their plants safe. The best

guarded rolling mill and the least guarded pay the same premium. Why should one employer spend thousands of dollars in prevention of accidents when others in the same kind of business spend nothing for prevention and pay the same premium for state insurance. After his premiums are paid to the state the employer has no further financial interest in the matter. Unless he be a very humane employer, why should he spend large sums for safeguarding his employees?

2. The financial burden of state insurance will soon become intolerable, because the employer has no voice as to the amounts which will be paid out from the fund or as to the premiums he will be compelled to pay into it. The employee's contribution is so small that his interest lies in the largest disbursements. The state officials have no personal interest in the prevention of excessive and unwarranted payments. On the contrary their best chance of popular favor and political influence lies in the largest disbursements.

3. This state insurance plan will put the greatest possible strain upon the state administrative machinery, because it will require the disbursement by state officials of enormous sums of money almost without check. The dangers of a partisan or corrupt administration of this great insurance fund are absolutely appalling. Even an administration free from politics or corruption is likely to be inefficient and may even bankrupt the fund.

After this statement of objectionable features which are found in some of the statutes proposed, perhaps I ought to mention what seem to me the most desirable provisions for fair and reasonable compensation acts:

First.—These acts should be made just as far compulsory in principle or in practice as the federal and state constitutions will allow. I think this has been accomplished under the act which has just become law in New Jersey and would be accomplished under the Pennsylvania and Wisconsin acts.

Second.—I believe these acts should include all classes of employees, even to farm laborers and domestic servants. Insurance will do away with possible hardships from this extension of the acts.

Third.—A period of ten days or two weeks before any payments are made appears to be absolutely necessary in practice. I

do not think the payments made after that period should go back to the time of injury.

Fourth.—I believe strongly in some schedule of compensation for various injuries entailing permanent, partial or total disability. These are the cases for which it is difficult to make any rules. Many minor objections may be offered to this plan of a schedule, but the only other plan is arbitration or a decision by some court; and that causes delay, involves the employment of doctors and lawyers, and results in much of the antagonism that arises to-day. If a schedule is provided, so that for various injuries the employee knows just how much he is entitled to receive and the employer knows just how much he is required to pay, I firmly believe that the great majority of cases will be settled amicably between the injured man and his employer, even when the injuries are not among those listed in the schedule.

Fifth.—The amounts to be paid under any fair and reasonable compensation act should be such that the burden thrown upon the employer is not too greatly increased. Any very great increase in this burden is bound to jeopardize the success of this new theory of providing for injured men and their families.

As my last word to you let me suggest one aspect of this matter which is not often mentioned. It deserves mention because there are some who assert that workmen get nothing from employers except by contest and struggle. To this mistaken belief they lead the workmen, and on that belief their leadership is founded. To such assertions the progress of workmen's compensation should be a rebuke and a rebuttal. I do not believe so great a change in the relation of workman and employer ever before came about in so short a time. I know such a great change was never before brought about with such willingness on the part of those whose burdens are increased by it. Employers have not only accepted the idea of workmen's compensation; they have assisted its advance, have served upon the commissions and committees which have recommended it, have put it into operation voluntarily, and have obtained its enactment into law; knowing that it will cost them more, they have nevertheless urged its adoption. I believe this ought to be a lesson in optimism as to the relations of workmen and employers. I think it ought to strengthen those leaders among workmen and leaders among employers, who believe that capital

can be fair to labor and labor can be fair to capital—if we will hold to that faith and neither falter nor listen to evil counsel. It should help that faith, to feel that in this movement for workmen's compensation our eyes have seen the coming of a great concern by employers for the welfare of their workmen.

DISABILITY AND DEATH COMPENSATION FOR RAILROAD EMPLOYEES

BY DANIEL L. CEASE,

Editor and Manager, "The Railroad Trainman," Cleveland, Ohio.

Compensation is comparatively a new question with us. Six years ago it did not receive a second thought from the Brotherhood of Railroad Trainmen, the largest railroad organization in this country, when the statement was made to it that industry must be made to pay for its human wreckage. It was accepted as so much agreeable expression calculated to please the audience. Yet in six years this subject has been so thoroughly discussed, its merits so well explained and the justice of the demand become so apparent as to be thus expressed: "Compensation to the injured workman is a legitimate charge against the cost of manufacture, and the victim of an industrial accident, or his dependents, should receive compensation, not as an act of grace on the part of the employer, but as a right."

War is regarded as the most dangerous pastime at which men can play, but when the hazards of industry are compared with it the soldier appears to be a preferred insurance risk aside from a general engagement, and the army the only really safe place for a man to be.

This is a common comparison, but so well has it served its purpose that public opinion is concentrated in a demand that the terrible loss of life and limb be compensated for and ended as far as possible by the intelligent and reasonable use of safety appliances. The time limit now set upon the operations of the employees stands in the way of securing any advantage from protecting devices provided for them. The devices fail in their purpose when the high speed required of the worker prevents their effective application.

The enforced payment for injury and death will lead the employer a long way out of the beaten path of unconcern for his employee and force the adoption of better safety appliances, with time to use them without loss of wages or position. The rule of

industry is performance and product first, safety if there is time for it. Until the responsibility of the employer is fixed and the certainty of compensation is established there will not be less of death and disability incident to industrial operation.

What may be regarded as a serious set-back to the law of enforced compensation is the recent decision of the New York court against the law of that state. The constitutional guaranty to protect property rights under all conditions is construed to mean that, until the constitution is changed the order of things must be liability and fight rather than compensation and settlement. It holds that no man can be deprived of his property without due process of law, but it means that the same property holder can continue to maim and kill his employees without regard to due process of law. But it is a dangerous game for the employers to play at. Legislation and court decision must conform to public desire and the longer the death and disability record stands unpaid, the more exacting liability and compensation laws will become. They will finally force the employer to seek settlement for they will be based on the fact instead of the fault of accident. Legislation may be delayed but there is nothing under heaven that can stop it.

Lack of accurate statistics forces us to accept the estimates, that vary from five hundred thousand to two millions of killed and wounded a year as the toll levied in the name of industry. It is very clear that the enormous loss in human life, limb and energy has never been humanely regarded for the reason that there are always men ready to step into the vacant places, and further because the injured and the families of the killed have, in a sort of way, accepted their mental and physical wounds as a part of the day's work and made the best of them without any great outcry against the unfairness of business that compensates for everything except human life and human misery.

I am going to tell you of a class of employees that are, in a way, pretty well known to all of you, that is, you know them as you see them, usually on passenger trains and occasionally in the yards and on freight trains. I know that you will agree with me in saying that they are an unusually intelligent class of men but even at that you do not do them justice. You may not know that these men are the pick of America's workmen, that each

one of them has had to pass a physical and mental examination more exacting in some respects than is required for admission to the army or the navy; they must be young, physically perfect and show a fitness for the work or they are not retained in the service. Only young men are employed, the physically and mentally alert, ready to act on the emergency with sound judgment, for railroad work does not admit mistakes. They usually mean disaster and death and the penalty must be paid.

Nine of these railroad men daily go down to death following their occupation and one is killed or injured every seven minutes year after year. The last report of the Interstate Commerce Commission shows that 3,383 employees were killed and 68,618 were injured for the year in which it was made. The record of injury does not give much information as to the final results of the casualties. The extent of partial or total disability is not known, but we can take the insurance payments of the five railroad organizations as a fair index of the number of total disabilities that resulted. They pay certain amounts for total and permanent disability, that is, for such disablements only as prevent the injured from performing the work at which he was engaged at the time of his injury. Minor injuries are not included in their records.

The records of the Brotherhood of Railroad Trainmen show 16.4 claims paid per thousand insured; the Order of Railway Conductors pays 12 claims per thousand insured; the Brotherhood of Locomotive Engineers pays 8 claims per thousand insured; the Brotherhood of Locomotive Firemen pays 7 claims per thousand insured, and the Switchmen's Union pays 15.5 claims per thousand insured. And two-thirds of these claims are for accident. The working life of a brakeman is estimated at only seven years and the average of our conductors, brakemen and switchmen killed and totally disabled is 32. There is a long period judged from life expectancy unprovided for.

What do the railways pay? No one knows; but it is reasonable to say that not more than 10 per cent of injuries and deaths are compensated and the average amount paid is low.

The question may be asked, why is it with the adoption of safety devices on railways the casualty rate remains about stationary, for that is the fact, as reference to government reports

will show. 1909 did show a falling off in casualties but the report is for half of 1908 when business was poor, fewer men at work and the hazards thereof comparatively diminished.

Safety appliances reduce the number of casualties of some kinds, but where they save life and limb in one way they take it in another. Without safety devices it was impossible to handle equipment as it is now handled; cars were by no means as large, distances between tracks were greater, trains were shorter and lighter, the train and yard men were on their guard against sudden stops and starts, and in many other ways the hurry-up practices of to-day were not possible with the link and pin coupler and hand brake.

Train capacity in twenty years has been increased five-fold to say the least, cars and engines are equipped with automatic couplers and air brakes, built to take care of themselves and by their own strength do so, but unfortunately automatic equipment is not always automatic, it needs adjustment; distances between yard tracks particularly are so short that it often happens a man cannot stand between them when they are occupied; it is an easy matter to get caught between tracks, knocked from ladders or fall between cars in going over the top of the train. Trains are longer, frequently a mile of cars, and communication in many instances is out of the question between men on the same train, which adds to the dangers of the work; the sudden application of the air from any cause is likely to unbalance the man on the car and throw him off, usually with serious injury.

You have been informed of the rules in vogue on every railroad that are intended for the protection of the employees and you doubtless feel, after reviewing the casualty records, that railway men are a careless lot, with little regard for their lives or limbs, that they will not obey the rules established for their safety, in short, that they court injury and death, the only apparent reason being that of disturbing their employers and mussing up the right of way with their remains. The railway employee is careless, just as you are in crossing a busy street in the face of motor and street cars, but be generous enough to credit the railway employee with the same reluctance to undergo bodily pain as yourself; the fact that he works for a railroad company does not make him insensible to physical or mental anguish. You very naturally

ask, if this is true, why, then, does he not observe the safety rules adopted for his protection? The answer is a short one; he does not have the time.

I would like to take a few of you, who believe the rules of the railways purporting to protect their employees from injury and death are meant to be obeyed, one trip on local freight on any eastern railway, or set you down with a switch crew in any large yard, and if these experiences did not satisfy you that the rules were made for the purpose of protecting the railway companies against personal injury suits, I would like to have you investigate a hump, or gravity, yard, where you could readily note the opportunity given the man carefully to examine all cars, equipment, appliances, tracks and other things too numerous to mention, that he is admonished by the rules carefully to look into before he works on a car, and note how much time he has to do all of this. The man catches his "cut" on the run and if he fails to catch it, his job is gone.

On the road there is no time to examine cars, appliances or anything else. The first thing to examine is the schedule to see how much time there is to do the work and keep out of the way. When freight trains have cars to set out at stations and the car has to be placed on the opposite side of the roadway it requires that the train be flagged in both directions; this takes the two brakemen. The conductor handles the train in making the switch, cuts and rides the car into clear or places it with the engine as the case may be, looks after the train as it recrosses to its own tracks, sets up the switches both ways, backs down and couples up his air and gets ready to go. Now can you imagine a conductor or a brakeman taking the time to inspect the train, the appliances, roadway and switches before he sets out that car, and making time over the road? A moment's thought will convince you that it not only cannot be done, but it is not expected it will be done. It merely shows the purpose back of the rule, that is, to protect the company against injury to the man.

The man following the switch engine is another who is condemned for his recklessness, and he is reckless—why if you go down to the yards you will see that reckless car hand run after a cut of cars, swing on at the peril of his life, climb on top and set brakes without the least regard for his safety. You might also

note that he did not examine the safety appliances, the right of way and the other things he is supposed to look into carefully before he takes hold. Do you suppose he is doing all these dangerous acts for his own pleasure or for the simple sake of giving his employer heart failure? You know that he placed his life in peril. He will tell you that if he had not taken these risks his job would have been in peril, and he needs that job.

Right here to illustrate what I mean I quote from the *Evening Bulletin*, of Philadelphia, Pa., for March 17:

"Coroner Ford said at the close of an inquest to-day that he would hold any railroad conductor on the charge of criminal negligence when a man was killed by shifting cars if the conductor had not a flagman protecting the train.

"It is the rule of all railroads that flagmen must run in front of the cars, shouting a warning, when they are shunted upon a track. Because of the disobedience of the rule, it is said, Harry J. Baker, a brakeman of the Pennsylvania Railroad, recently was killed at Forty-fourth and Thompson Streets.

"He was repairing a coupling on a car when several cars were shifted and crushed him. Edwin M. Freer, the conductor, said that the cars were not protected by a flagman because they were being shifted on a storage track.

"Coroner Ford said that Freer's action bordered on criminal negligence. A verdict of death by accidental injuries was given."

This switchman was adjusting an imperfect device. He was between cars and did not have the track flagged on which he was at work. Why did he not take the safety precautions demanded by the rules of his company? Why did the crew that placed cars against the ones on which he was at work not look over the track to see if there were anyone between cars? For two very good reasons, there are not enough men employed to do it, it never has been done, was never expected to be done, and never will be done, until the employer is forced to pay for disability and death.

Several years ago one of the train and engine crews employed on the Reading headed into a side track to meet a number of trains and fell asleep from exhaustion. They failed to notice the number of trains that passed, pulled out between sections of the train they were to meet and pass, with the result that a number of persons were killed, when they collided with the train for which they had

not waited. The engineer was sentenced to a term of years for manslaughter and the court said in substance that if men were tired out and unfit to continue their work, they should quit, rather than take the chance of doing injury, but the jurist did not mention the important fact that there is a law in Pennsylvania that forbids the leaving of a train between terminals, and overlooked the injustice of advising the men to quit if they were exhausted. The men had to live, and they had to work to live, a simple matter the jurist failed to remember.

You have another case, that of a Pennsylvania railway employee who obeyed the orders of his conductor, attempted to couple two cars that were not equipped according to law and who was killed as the court said, "because of his neglect." The jurists for your state declared that Adam Schlemmer, the brakeman in this case, ought to have kept his head out of the way, but unfortunately he could not. The coupling had to be made between a caboose and a steam shovel car, not equipped with the automatic coupler. Schlemmer had to get down under the cars, hold his lantern, and guide the heavy draw bar into the opening of the coupler on the caboose. Schlemmer looked up to see if he were placing the draw bar properly; if he had not, he would have been killed, and in raising his head to look, raised it a trifle too high and lost it. Even a jurist who has a record for fairness said, that as Schlemmer was twice warned not to raise his head, and to be careful, so, therefore, he was negligent when he did so. I would like to take that stern dispenser of impartial justice down into one of these railroad yards to-night, hand him a lantern and put him under two freight cars to couple under similar conditions and if he lived to tell the story, I venture to say, that there would be one justice who would regard the law of negligence in a new light.

The man was told to be careful, the law said that cars must be equipped with devices that would couple by impact and the Pennsylvania railway company referred to its warnings of the use of appliances and declared Schlemmer was negligent because he had to look to see what he was doing or be killed.

A fair court would have said in a few words, the man was trapped to his death because of the negligence of the railroad company and it will pay for it. The case of Adam Schlemmer still drags its weary way through the courts.

The law protecting the employer in his property rights is supreme except under unusual conditions; human right is still a matter for protection.

The efficiency of the safety device is greatly exaggerated. It is difficult for one not familiar with the service to realize that the safety device has not served wholly the purpose for which it was intended because other conditions that have come along with it have minimized its efficiency.

To illustrate I refer to the number of brakemen and switchmen who have their feet and legs crushed coupling cars. How can a man couple cars with his feet, is a natural inquiry. He does not, but he finds a coupler out of adjustment, it is impossible to move it with his hands, he braces himself, puts his foot against it to shove it in place and fails to get his foot out before the cars come together. This plainly is contrary to rule, common sense and everything else that can be charged against the employee, then, why does he take such chances? The freight brakeman runs over the top of a fast moving train, the law says he does not have to do it; he hangs far out of the caboose window to look for hot boxes or mounts a car being switched to a side track and is in danger of striking an obstruction; he runs alongside of a moving car trying to adjust a coupler, his employer has rules forbidding carelessness; you may see him pole a car, contrary to rule, which tells him to use a drag rope, but if this rule is to be obeyed, why is the push pole placed on the engine? Every dangerous performance is contrary to safety rules made and provided for his benefit. Why is he so reckless? He has to be, if he wants to hold his job. He is not a car inspector, nor a track walker, and if he should attempt to follow the rules laid down for his safety he would lose his job because he would be too slow for the business. All of the elaborate safety rules read well but it is not expected the employee will observe them. They are signed by him when he goes to work and are used as the legal defense of his employer if he gets killed or injured. It is difficult for accident to befall him under the rules without his being guilty of their violation in some way or another. The rules go to the public which condemns the carelessness of the man, but the unwritten order goes to the employee to keep traffic moving at all hazards and it is the latter order that he obeys. If all the rules for safe train operation were enforced there would not

be any "limiteds"; congested traffic would settle them beyond the shadow of a doubt.

But it is the killed and injured with which we have to deal in the hope of inspiring public demand for relief. As the casualty rate stands, each seventeen years means the death or disability of the entire number of men now on the rolls. It means that, inside of approximately twenty years, more than a million and a half men will be killed or injured in railway service.

The number bulks so large it is not easy to realize what it means; it is difficult to understand that close to seventy thousand persons now contribute their lives and limbs to this one industry annually, and the number is growing. These accidents and deaths pass unnoticed, because they happen one at a time and are scattered over a great expanse of territory; but suppose any one of our cities of like population were to suffer an equal number of casualties in one year, do you suppose we could realize what it would mean?

But here are these men, the flower of American manhood, contributing the best service and giving their lives to its defense without assurance of compensation in the event of injury or death. They give their best, accept the hazards and know they must fight for every dollar they receive in the event of death or disability.

They realize that the company will fight them unfairly from the time they are injured until they are driven out of sight and hearing by personal release or court decision. The companies do not fight fairly, they do not give the man an even chance for his defense, but are after his release before he recovers from the anaesthetic in the hospital; they hound him in his delirium; they haunt him with demands for adjustment under pretense of benefiting him or his family. The ambulance chaser is damned in good legal society but he is an angel of goodness and purity compared to the railway claim agent. The injured employee is at every disadvantage. He knows that he cannot depend upon his associates to testify in his behalf if he brings suit, for it means the job of the man who bears witness against his employer. In the case of *West vs. C. B. & Q. Voluntary Relief*, Judge Baker, of Chicago, recognized this truth. He said:

"Six witnesses, mainly farmers, residing near this highway crossing, testified that the tell-tales were not put up until after

West was struck. The bridge crew and section men, fourteen in all, testified that the tell-tales were restored the second day before the injury. Furthermore, the records of the work done by the bridge crew and telegraph messages sent over the company's wires from the bridge boss to his superintendent telling the daily whereabouts of the crew, were introduced. These corroborated the men's testimony. Thereon counsel for the company insist that the evidence of the plaintiff was so slight in comparison with that of the company that the court was justified in directing the verdict. The records and messages were at all times in the custody of the company's men, who would naturally have an interest in freeing themselves and the company from blame. And while there was no direct attempt to impeach the company's men and records, the ultimate fact was squarely contradicted by the positive and circumstantial testimony of apparently disinterested men, whose reputation for truthfulness was unassailed."

I know of one instance where an injured switchman carried a broken hand-hold to the hospital with him and did not let go of it until they took it away from him. These are a few of the difficulties the men know they must face if they attempt to recover for injury or death. A private settlement usually means little. I was recently informed that one of the roads entering this city averaged less than \$700 for its private settlements and less than \$1,200 for settlements, all costs included, made in the courts. Another road pays \$1,000, the amount contracted for by its relief department, which the employee usually takes in desperation, because he knows what litigation means for him.

With the railway death and disability lists accurately fixed we still are in doubt as to the number of cases that have a chance for recovery through the courts. The common law is against the employee unless he can establish the fault of the employer; the statutes have been modified in certain respects in some of the states but the opportunity for recovery is slight compared with the number of casualties. Germany offers the only statistics of responsibility for death and disability arising out of employment. The figures for 1897 show 17.30 per cent the fault of the employer; 29.74 per cent as the fault of the employee; of both 4.83 per cent; 5.31 per cent were due to fellow servant or other person; 41.55 unavoidable accidents for which no one was responsible; 1.27 per cent

attributed to the act of God. A review of these figures will assure one just what a slight chance the workmen in the United States have for recovery under present laws, which leave the burden of accident and death just where it falls, resting upon the fault rather than upon the fact of accident.

The proposition before us is to set aside this inhuman doctrine and substitute a new doctrine of the killed and wounded, which will get away from the law of liability and take up the law of compensation for the purpose of assuring definite payments for all accidents arising out of employment which are not caused by the wilful fault of the employee.

To-day it is cheaper to kill men than to protect them; it is less costly to fight them in the courts than to deal fairly with them and their families; the disposition has not been to adopt the more humane doctrine of placing the burden where it belongs, that is, upon the industry responsible for it and the outcome is a demand for compensation that will shift the burden.

Court delay frequently takes the advantage from a favorable decision, for trials, appeals, re-trials and delays on every disputed ground place the disabled workman at a serious disadvantage.

There is some danger that in the hurry to make up for lost time and in copying certain established systems abroad American legislators will overlook some of the most important features of the plans that have been tried out abroad. This tendency shows itself in several proposed laws in the form of compensation for a given period only, which if adopted will merely postpone the period between injury, compensation, its use and finally a falling back upon charity as we now have it. If all the proposed compensation laws were immediately enacted and in operation, after a period of six years the surviving pensioners would be exactly where they are to-day, that is, injured beyond the ability to earn a living, their monthly and annual payments ended and they left without further means of support.

We might very safely start our compensation plans by giving the totally and permanently disabled employee a fair proportion of his earnings for the remainder of his life, instead of cutting him off with a maximum payment of \$3,000, at best divided over a period of six years as the majority of the plans now contemplate.

In the desire to get away from the courts and the lawyers there is danger that we may also get rather far away from the main purpose in view, which ought to be the assumption by the employer of the burden of living for those who have become wrecked contributing their share toward industry.

Compensation legislation ought to include free hospital service. In certain of our large cities ambulance owners, hospitals and undertakers to-day fight each other for business while the man dies. The day for these inhuman practices, we hope, is drawing to a close; that soon it will be recognized that the workman is not only worthy of his hire, but that he will no longer be asked to assume the burden of disability and death incurred in the service of his employer.

We believe we are both right and consistent when we say in summing up the question that every human sacrifice must be fully compensated, without having to wait for the delays and uncertainties of the courts; we want the injured not to have to suffer mental pain with his physical ills for fear of the future of himself and family; we demand medical, surgical and hospital attention; we want certainty of responsibility fixed for the employer, with certainty of compensation fixed for the employee; we want the injured employee and his family to remain just as useful members of society as they were before the industrial sacrifice was made! We want the defenses of negligence and assumption of risk eliminated, and the professional risks made to rest upon the profession, not upon the injured employee, so that liability will not offer its present invitation to fight, and so that compensation will be acceptable to both parties. This is, I believe, the only way we can enforce compensation.

DISCUSSION

MR. MACVEAGH: With reference to the cost of a United States pension retiring system, I might speak of the Gillette bill. This was the best proposition that has been brought forward. The nominal cost to the Government would have run from \$1,000,000 up to \$3,000,000 the first year, and then have decreased for the next thirty years. The basis of the bill was a contributory system for the future, but the Government was to pay at the start for all existing employees; that is, the Government was to supply the contributions of existing employees from the time the man or woman entered the service.

I said to Congress that, if it would allow us to put that bill into operation, the department would not ask a cent more than the regular appropriations. In other words, if Congress would make the appropriations exactly what it ought to make them for the existing service, we would put the pension system in operation, and the executive department should pay for this out of the appropriation, and it would not cost a penny extra. This could be done because of the saving in efficiency, and it was proved by the actuaries and practical men of the department that it could be done. The proposition of Mr. Baldwin is quite correct, that pensions are not an expense to the municipality if it adopts the right system.

MR. GEORGE T. MORGAN: In advocating civil pensions, we, as civil servants, have been charged with having only a selfish interest. I wish once for all, and with all the energy of which I am possessed, to enter a decided protest to this charge. Our plea is a plea for justice, not self-interest, simply justice and that not only to ourselves, but to all.

The government employe should save some money. The veteran admits this—no one more ready. We all agree he should have saved some money, but the fact is he did not. Perhaps he had sons to send to college, daughters to clothe and educate, maybe old folks to take care of. At any rate, he did not save. It is not a theory that confronts us, it is a condition. If you throw him out now, he goes out to be a burden to others.

Do justice to the young man entering the service, so that he can devote his undivided attention to his work, so that he can spend his days and nights perfecting his knowledge for the special work he is called upon to do—work that does not fit him to do anything outside, but rather unfits him for other employment. Justice! So that the young man will not be thinking all the time how soon can I get out of this, but how long can I remain in the government service. Justice to the young man, so that as a nation we shall no longer have to face the fact that 50 per cent. of the whole force of government servants have been in the service five years and less, and that there were 11,000 voluntary resignations last year. The National Civil Service Reform League, with headquarters in New York, and Professor Eliot as their president, in their last report says, "Some inducement must be offered to able and ambitious young men to enter the service."

Do justice to those who are in the service, those who have been there for fifteen, twenty and twenty-five years. Those who are bearing the burden and heat of the day. They are not time-servers, not men who watch the clock, but men who give their whole mind and thought to the work, for the honor of the service, striving that each day's work shall be better than the last. Justice to these men, so that they will not be half-paralyzed by the unbidden bitter thought, "What will become of me when I can no longer keep up with this ever-increasing strain?"

Do justice to the administrative officers of the Government, who are ever seeking to increase the efficiency of the force that they have under their control. Men who are filled with the laudable ambition to leave the service better than they found it, but who are balked and hampered at every move by the fact that they have no retirement system. Officers know that there are men in their service who cannot and do not do the work allotted to them. Heads of departments cannot retire them on pension, as there is no pension law for civil servants.

No wonder Congressmen are affrighted when one says pension.

Congressmen know that the civil service could be made more efficient and should be improved, and they know that this cannot be done until a civil pension law is passed and the veterans retired. Perhaps it would be better if we called it a retirement law and thus avoid the word pension. Anyway, in simple justice to our

legislators, let us have a law passed so that they can be relieved from this trouble and devote their best thoughts, their undivided attention to the other and greater subjects that are before the nation.

Do justice to the taxpayers. We have probably six thousand superannuated men—veterans in the service—who are not giving full value for the money that is being paid them. Retire these veterans; not on full pay, as they are now, but on half-pay, and one-half of the positions of the retired men need not be filled.

We are all under bond—250,000 employees, probably, under bond. Congressman Palmer said in the House last month that these bonds in security companies amounted to \$360,000,000. At the usual rate of \$1.40 per thousand, you can readily see that this tax amounts to \$500,000 a year. From the British postmaster-general's report I learn that, fifteen years ago, a Royal Commission decided that bonding government servants was a useless tax upon the men. The pension system was all the bond required. Half a million dollars a year paid to surety companies is a useless tax.

Finally, let me plead for justice to the old men—men who have spent thirty, forty and fifty years in the service, men who are seventy, seventy-five and eighty years of age and over, men who totter to their places every day, potter around all day pretending to do something and then totter home again. Three thousand of them. It is a pitiable sight, a picture not on exhibition in any other nation under heaven.

MR. ALLAN B. WALSH: I am serving as a member of the New Jersey Legislature during the administration of Governor Woodrow Wilson, who feels that it is a sacred, solemn duty to carry out his promises to the people. During his campaign, among other things, he promised the people an effective employers' liability law and last week the legislature, under his leadership, enacted such an effective law.

In the New Jersey law, when the compensation schedule is elected, the fellow-servant and the assumption of risk clauses are abolished and the injured workman receives half-pay, excepting that the maximum is \$10 per week and the minimum \$5, provided that he was not wilfully negligent at the time.

It can hardly be expected that this grave question can ever be satisfactorily arranged among all concerned, but there can be

no doubt that we can move along by just and conscientious legislation toward a state of affairs that will leave small room for complaint. It must be admitted that the question of employers' liability is one of the most important, and, indeed, too, one of the most pitiful subjects before our statesmen to-day. Year after year those who seek the welfare of the multitudes of our toiling citizens have been promised relief along these lines, and year after year their hopes have been cruelly shattered by disappointment. I cannot understand how any man, with a heart of flesh capable of human sympathy, can fail to be convinced that the workingman has been treated in a manner which I can only designate as unfair. But I honestly believe that the day is near at hand when even those who in the past have dealt legislation to the working classes from a "cold deck" will insist upon shuffling the stacked pack and giving the toiling masses a genuine "square deal."

Men will talk to you enthusiastically about the conservation of natural resources—and, surely, the conservation of our natural resources in the interest of the country at large is a very important matter—but, at the same time, some of these very men will stand idly by and let the vast army of our fine American workingmen go down to their untimely graves or be flung like refuse into the rapidly increasing ranks of the poverty stricken and miserable. Our forests are important, of course they are; our streams, rivers and lakes are important; the conservation of all the natural resources of our American soil is important, but I put it to you, gentlemen, is not the most important resource of our American nation the mighty army of our workingmen? Is it not through their toil that all the work of conservation is to be finally carried out; aye, even the conservation of the country itself among the nations of the world? Therefore, are we not bound, even as patriotic citizens, to have at heart the interest of these toilers and to use our influence at every opportunity to have laws enacted that will properly safeguard them as they toil, and thus put an end to this yearly carnage which is a disgrace to the country and to us?

It must be remembered that we are dealing with a class who, as a rule, have no resources to fall back upon. Their daily wage hardly admits of it. Multitudes of them have struggled to make a home and enjoy its comforts, such as they may be, when the day's work is done. That home depends upon their earnings.

Few of us would be willing to change places with any of them, but, nevertheless, it is what they have toiled for, it is their home and their only ideal of happiness in a world which holds for them, as you know, very few joys. What a fearful tragedy, then, to take only one instance, where the sole support of such a home is suddenly removed. You may talk about the alarming increase of Socialism; you may talk about anarchy, about the increase of crime, about the degraded moral conditions of our great cities, but, I tell you, gentlemen, you have your fingers upon the pulse of the difficulty. By the absence of proper employers' liability legislation we tolerate a condition of affairs that must breed crime. What is the reason for this terrible condition of affairs in the industrial world? What is the reason for these heartrending catastrophes which cause so much sorrow and misery among us? The reason, gentlemen, after all is said, simmers down to this: That it is cheaper to kill, cheaper to injure and pay some little compensation under our existing laws than it is to provide safeguards.

I submit that if, by the enactment of proper employers' liability laws, the employers are brought to realize that it is cheaper to provide adequate safeguards than to pay damages, then, as a matter of economical expediency, as a matter of good business policy, they would hasten to provide safeguards, and the deplorable accidents we have to record so frequently would be cut down to a minimum within a few years.

The consumers of the product of the workmen's labor should contribute to their support in proportion to their consumption. This could be done by the employers adding to the cost of his product in the same manner in which he adds the cost of his fire insurance premiums whereby he seeks to protect himself from loss by fire. You know how our great railroads fought against laws compelling them to use air brakes, and you know how now they would battle as a unit against any law which would even limit their use, because as a safeguard they have proved an effective remedy against accidents and consequent endless litigation and payment of damages. In like manner the expense put upon employers of labor to safeguard their workers would be an initial expense for which they would soon find themselves amply compensated, and I have no doubt our famed American ingenuity would soon succeed in furnishing thoroughly adequate protection in all lines of work at a minimum cost.

I find that in foreign countries many employers offer premiums to those who by their inventive genius are able to improve existing methods of protection. There are humane employers who, to the best of their ability, provide safeguards for their workers, and these employers should be protected from the unfair competition of those others, who, in their greed for gain, allow themselves to be influenced by no such humane considerations.

I sincerely hope and trust that the agitation started by the American Academy of Political and Social Science will remind the legislators and members of Congress of Abraham Lincoln's words, "That government of the people, for the people, and by the people, shall not perish from the earth."

MR. G. A. RANNEY: The International Harvester Company grants pensions for long and faithful service. At the time the regulations of our pension system were being formed, the question of contributions was carefully discussed, and it was found that the younger employes were not interested in contributing for a pension. The company did not believe that a contributory plan for a corporation was practical, and agreed at the outset that no contributions made by employes for a pension fund would be considered.

Question—Under that contributory system, would not they draw the accumulations if they left the service?

Answer—The contributions would have to be returned, or, at least, a large percentage of them returned, to the employes. Such a plan might appeal to certain employes, but the rank and file would not be in sympathy with it. Many of the ordinary workers would not appreciate and understand it, and, in our opinion, there is danger of such a plan creating a feeling that the employe would be paying for something that he had a small chance of realizing.

MR. HARRY D. THOMAS, of the Ohio State Federation of Labor: I understood the discussion was on pensions for municipal employes. The difficulty, it seems to me, is due to the fact that outside of fire, police and teachers, all departments of municipal government are not under civil service rules. The first essential thing to undertake in municipal government, if you are going to establish pensions for employes, is to establish civil service rules. Ohio has recently started that plan, and since January 1st, of this year, all

employees in every department, with the exception of common labor, have to undergo civil service examinations, and are subject to civil service regulations. A pension system can probably now be started in Ohio. In other states you must have a permanent civil service before you can have a pension plan.

MR. MILES M. DAWSON: I wish to join with the gentleman of the International Harvester Company in urging that the best form of pensions for employes is service pensions, without contribution by the employes. The views of actuaries who have given the greatest attention to this subject are practically in conformity with the opinion which the managers of the steel company reached in their deliberations. The highest authority among the actuaries in Great Britain, Henry W. Manly, in his valuable book on this subject, has given nearly two pages to pointing out all the difficulties, entanglements and troubles which attend all the systems. His conclusion is virtually this: It is a good thing to have a voluntary contributory pension scheme; it is better to have a compulsory, and it is yet better to have a plan under which both employes and employers contribute; but better still and best of all when the pension is a straight-out service pension, without requiring contribution. Experience in this country fully bears this out, and such observations as I have made lead me to concur with Mr. Manly's opinion.

The other thing which tempts me to rise at this time has to do with what a gentleman said with regard to the wastefulness of the present system; that is, of employers' liability insurance. One of the points of wastefulness, chargeable not to the insurance companies, except in part, and that not the largest part, is that when the employer insures, on the average not more than from 20 to 30 per cent. of the premiums actually reach the widows and orphans. This is after deducting not only the expenses of the company, but also the amount which the ambulance chasers and the attorneys for the workmen and their families take from the proceeds. Certainly it is a frightful indictment that out of what costs the employer about \$3 or more, only \$1 gets to the persons to whom compensation should be paid.

There is probably fully as great a waste where the employers do not insure. By the time the attention of the people connected with the business which is diverted to the investigation of claims is

considered, reasonable allowance made for interference with the business, and the cost of carrying defectives and crippled in positions which they cannot fill, and the various other items of cost, including the large fees to attorneys to defend against actions, when all these are taken into account, you would find it costs anywhere from \$2 to \$3 to get \$1 to the families of those who have been injured or killed, especially when the ambulance chaser has secured his percentage.

When you add, also, that this system leaves a very large proportion of those who are injured, and of the dependents of those who are killed, without compensation, thus compelling the community to take care of them, and, in fact, putting upon us the burden of that support in its most deleterious form, you see that we have, both from the standpoint of direct and indirect cost, considering the expenditure through public and private charity, with all the pauperization which that implies, the most wasteful system that could be conceived of if Satan himself had set himself at the job of devising one for us. I cannot imagine, therefore, how anything we may do in the matter could, by any chance or possibility, fail to be an improvement.

MR. THOMAS V. KEENAN: I speak as a representative of the workmen of the Postoffice Department of the United States government. The Gillette bill provides for contributions on the part of the employes and would work many hardships. There is need of a retirement measure. The twenty-third annual report of the Civil Service Commission, after a most thorough investigation, which only applied to the city of Washington, states that the loss to the Government "because of the many old civil servants who, through advancing years, were no longer able to do effective work," was \$400,000 a year. In round numbers, there are 30,000 employes in Washington. The commission, unfortunately, presented no figures for the entire government service, but it would be fair to assume that the loss is equally as great throughout the Union, and as there are 300,000 employes throughout the country, the loss would be estimated at about \$2,500,000 per annum.

The cost of a proposed pension system for government employes, as proposed by the Hon. Joseph Goulden, in the last session of Congress, estimated on the same lines as the Pennsylvania Railroad,

but allowing a pension of 50 per cent. of average pay instead of less than 40 per cent allowed by the Pennsylvania Railroad is as follows:

Number of employes	300,000
Number of pensions (2 per cent.).....	6,000
Average annual pay of government employes.....	\$750
Cost of pensions of 6000 employes at 50 per cent. of average annual pay	\$2,500,000

If the United States Government is losing every year \$2,500,000 because there are so many old civil servants who, through advancing years are unable to do effective work, and the cost of a civil pension for 6000 government employes, or 2 per cent. of the entire working force, would be \$2,500,000 a year, what would be the cost of civil pension to the United States Government? *Not \$1* and the efficiency of the government service immeasurably improved.

Advocates of the contributory plan hold that Congress would increase our salaries and that the cost to the employes would be very small; in other words, it is "robbing Peter to pay Paul." Congress is not so amenable to increasing salaries. Prior to the classification act of 1907, there never was a law upon the statute books providing in any way for the automatic promotion (*i. e.*, increases in salaries) of postoffice clerks. This act of 1907 superseded what was known as the act of 1889, which simply established certain minimum and certain maximum salaries for the different grades of clerks. There had been an organized effort throughout all these years to get a substantial increase, but it was not until 1907, when Congressmen increased their own salaries 50 per cent., that we got ours. Moreover, if the Gillette bill brought about the desired small increase of salaries to make up for deductions for pensions, the cost to the Government would far exceed that of the straight-pension system and shock the public sentiment, which is supposed to be against a straight pension.

Another thing to be considered in estimating the cost of the pension systems is the saving in salaries by retiring the already superannuated. If the figures from the Commerce and Labor Bulletin, No. 94, are correct, under the straight-pension system there would be retired at once about 6500 employes, costing in pensions about \$3,040,000 a year. But the salaries of these 6500 employes, on a basis of \$1000, amounted to \$6,500,000 a year. Therefore, we have a saving of \$3,460,000 a year in salaries.

The honored Secretary of the Treasury states that there is no life in the movement among the employees. I wish to state that I had the honor to be a representative from the Philadelphia branch of United States civil service employees at the last two conventions of the United States Civil Service Retirement Association, and, that, although as in all great movements there is always opposition all agreed as to the retirement of the superannuated employees; but when it came to the mode of retirement, some few, and a very few, were in favor of a contributory plan, while the great majority were in favor of a straight out-and-out pension, such as the largest corporations of to-day are giving, viz: the Pennsylvania Railroad, the International Harvester Company, the United States Steel Corporation and many others.

From an employe's standpoint—take my own case, for instance: I have my family to take care of and, with the high cost of living, my salary is just paid out, dollar for dollar, and I have no chance to put away anything for the future. What chance would I have if the contributory retirement measure should become a law.

Under present conditions of salary and living expenses, it is the exceptional government employe who can maintain more than one savings fund. It is surely the judgment of the individual, not of the Government, that should determine whether that fund shall be in a bank, an insurance policy, a building and loan association or other investment. An insurance policy, for instance, would be safer for his family, because if he should die before the age of retirement, and the contributory scheme is based somewhat upon the probability of his doing so, his annuity would be lost, and his wife would receive, at $3\frac{1}{2}$ per cent. interest, $2\frac{1}{2}$ per cent. less than the possible value of his total assessments, which might themselves be, according to the time of his death, merely a year's accumulation, or less. To the younger employes any reliable insurance company can offer a better provision for the future. A man of twenty-seven years, drawing \$1200 a year, would be assessed for the Gillette fund about \$80 a year. He could buy a twenty-year endowment policy for \$40 and less per \$1000, and would have both the protection for his family during that term and the cash at the end of it. A twenty-year payment life policy would give him a cash return probably of 13 per cent. on his premiums in a good, dividend-paying company, or would give his heirs twice as much as he had paid in.

But the Gillette bill is compulsory. Not only would the employee on small salary, or with large expenses, be deprived of choice in his investment according to his individual needs, but many a man and woman now carrying an insurance policy or purchasing a home would be compelled to give up these undertakings. This would mean loss, both immediate and ultimate. Moreover, almost any kind of investment would be available to secure a loan in case of emergency or sickness. The Government's rigid guardianship by preventing this would be cruel in such cases.

Mr. Gillette, in his report to accompany H. R., 22,013, known as the Gillette bill, says, "The apparent advantage of straight civil pensions is its simplicity in meeting the problem and the *attraction* which it gives the service." I feel that Congress cannot be too urgent in enacting a straight-pension plan, if for no other reason than the attraction it would give to the government service. Government employees are not too well paid, many men who are bright, active and ambitious are constantly leaving the service for better-paying positions with private corporations, which hold out brighter prospects of advancement.

MR. E. C. TERRY, of New Haven, Chairman, Joint Brotherhoods' Legislative Committee of Connecticut, composed of and representing, the Brotherhood of Locomotive Engineers, the Brotherhood of Locomotive Firemen and Enginemen, the Order of Railroad Conductors, the Brotherhood of Railroad Trainmen, and the Order of Railroad Telegraphers:

I want to raise my voice here first to answer the gentleman who said that when employers of labor adopt a pension system for old aged and incapacitated employees, they do it through charity, and to applaud the gentleman who said such a system was not in a sense a charity, but was done for the men in recognition of their previous worth, realizing that when wages were paid to them, they do not by any means pay all that is due, even though the wage was estimated at so much per day or so much per hour—the pension system is rather a wage deferment. Those employers, like the New York, New Haven and Hartford Railroad, where the men are employed whom I have the honor to represent, do not think they established a charity when they inaugurated a pension system wherein no contribution is required from the employees or pensioners, be-

cause they realize and appreciate that their men never were objects of charity; and they realize that their men have too much of genuine American independence to accept anything that savored of charity. They realize, too, that in a pecuniary sense, the presence of experienced railroad men, able to handle trains at high speed over a four-tracked system congested at all times by commerce, is the greatest asset an employer can have; and, therefore, they have established a pension for them when they arrive at a certain age and their capabilities are at an ebb, believing that they are paying them something of their wages that they did not need in health.

If anyone has an idea that the workmen want charity in their old age, I hope they will permit of correction. Millions are coming to this country through the several ports, looking for work, but when you get the trained American, you want to regard him from a different angle, and contemplate the awfulness of this word picture—that if by a sweep of the hand all of the millions of arms of labor should become paralyzed and unable to perform their industrial functions, what a terrible industrial and social calamity would happen in this world.

Contemplate all of the iron, all of the silver and other ore which the mines contain, and without the magic hand of labor what does it all amount to?—Nothing but rust and decay.

PART TWO

*Industrial Accidents and their
Prevention*

PREVENTION OF INDUSTRIAL ACCIDENTS¹

BY HONORABLE CHARLES NAGEL,
Secretary of Commerce and Labor, Washington, D. C.

Ladies and Gentlemen: It is painfully distressing of course, to hear the announcement which has just been made.² I had not heard of the disaster until a few moments ago; and I cannot refrain from saying to you, that if no other word were uttered here this evening, the mere recital of that tragedy is in itself an all-convincing argument for the need of meetings of this kind, and for the carrying out of the purposes which you have in mind. Mere declamation counts for little. We are sufficiently conversant with the general facts. What we need is action. We know that the percentage of accidents in our country is unreasonable, and we know that it is time for private enterprise or public demand to correct this.

The great enemy of this country is waste. While everybody admits this, and we assert it glibly, we fail to appreciate that this waste exists not only in a material sense, but that the greatest waste consists of the loss and dissipation of human life and energy. We see it on all sides. Take any subject you please. Take the child. We must know what the waste in child life is. We make our investigations and we render our reports, and yet, what comes of it? The Federal Government inquires and sends broadcast the information; but there are forty-six state jurisdictions to deal with, and very few of them go into the subject. It is not only the child of the factory, it is the state of every child left unprotected by the parent. Our houses of refuge are intended to afford protection. But we are slow to recognize that it is in the interest of the state, as a mere proposition of economy, to get the child on the right side of the accounting, instead of letting it slip to the debit side. It is all a matter of book-keeping, it is all a question of economy or of waste.

What is true of the child is true of all human beings. We

¹ Introductory address of the presiding officer.

² In calling the meeting to order, Professor L. S. Rowe, the president of the Academy, said, "You have already heard, probably, of the unfortunate accident at Scranton to-day, when seventy-five miners were entombed in one of the mines in that region."

cannot deny that the list of accidents and the amount of waste are out of proportion. We need and we must have regulation and control of labor and the conditions under which men and women live. We must realize that there is a great field of activity in which the individual cannot protect himself; and just so soon as the individual cannot stand for himself in the protection of his position, it is time for the general public to step in for the general protection. Of course, I appreciate that the proprietor is remedying many things. I know that the situation in many respects is better than we ourselves suspect. I know there are proprietors who are constantly improving, who have abandoned the old system of litigation. I could point to a proprietor who, for fifteen years, has employed three thousand men without trying a lawsuit for damages, all without the aid of legislation. But there are other proprietors, and it takes the Government to establish the rules of the game in order that competition in this field may be as fair as it is in others. That is the reason for law.

I know that the State may go too far. I know that the tendency at the present time is to urge the State to go too far, but I also know that individual men who are in control have lagged too long, and have invited the storm that has come upon us. The two forces must meet and agree upon some rational basis. Something is bound to be done.

The Government in its contracts with employees has a comparatively easy question to solve. It has only to make its own conditions in its own contracts subject to acceptance by the employee. It can use a pension system if it will. When it comes to a private employer, in my judgment the question is very much more complicated. I doubt whether the State should make compulsory a pension system. I doubt the authority to do it; but I have no question that the State can establish a rule of action, a tribunal, a system under which the proprietor and the employee may express their own agreement. That much can be done and that much, in my judgment, will have to be done.

We all prefer to trust to the individual initiative and enterprise. I do. I prefer to be an individualist. But the more I have seen of life, the more have I come to recognize that there are those who fall out of the procession, who cannot stand up alone, and for whom the State must intercede to some extent. I believe in the progress of

private enterprise; I believe that a railroad, which has not for an entire year had a single accident, has done more for humanity and economy than can be accomplished by all the legislation to regulate rates. But the railroad system, that so manages its affairs as to be able to report not a single accident in a year, has to compete with the railroad system that does not do as well; and it is safe to say that the possibility of attaining this standard once recognized, we must insist that all systems shall come up to substantially the same standard. That is a proper purpose of legislation.

We are forced to consider the question of providing for superannuated employes; and we must deal with the question of fair protection to those who are still employed. The question is, how shall it be done, reasonably, rationally, or shall we wait until a storm overtakes us? We may just as well remember that the greatest force for unreasonable legislation is the failure of our citizens to appreciate the force of the demand for a better ethical standard in public and private life. That is the situation. You can see the demand grow from day to day. How was the first protest for the injured employee made? What was the form of response? Unreasonable verdicts by juries that were angry and did not respect rules of law. Every lawyer who has tried such cases knows that. What was the next protest? Legislation. Three-fold damages to emphasize public opinion. What is the same response? Rational preventive legislation; and this is what you have to consider now. What are the remedies and what is the relief; what is it fair for the State to do, and where must the State stop so as to provide fair protection and to permit of the development of the individual for his own welfare, and through him for the welfare of the community?

INADEQUACY OF PRESENT LAWS CONCERNING ACCIDENTS

BY JOHN HAYS HAMMOND, LL.D.,
New York.

This is a large question, and one which at the present time is attracting the attention of every state in the Union. Indeed, eleven state commissions are now inquiring into the subject, and formulating measures for the solution of this transcendently important problem.

The recent decision of the Court of Appeals, declaring the New York law unconstitutional, has added much to the complexity of the situation.

The number of men and women annually killed and maimed in the industrial occupations of America is greater than in the bloodiest battles of history.

The annual fatalities, for example, in the mining industry in this country, are nearly three per thousand employed, and, indeed, in the case of iron mining, much to your surprise, for most of you connect mining fatalities with coal mining, they exceed four per thousand employed. Compared with accidents in similar occupations in Europe, these figures are very much higher, and do not reflect credit on our American laws relating to the supervision of this industry.

By unfortunate circumstance, or coincidence, the terrible loss of life, upwards of 150, which occurred yesterday in the mines of Pennsylvania and Alabama, lends sad emphasis to this stricture. Two of the men who gave their lives in attempting rescue work accompanied me only two weeks ago in an examination of the mines of Scranton, where the disaster yesterday occurred.

It is impossible to ascertain the trade mortality statistics for our country, but the number of fatal accidents, among adult males in all occupations in the United States, is estimated at 35,000 annually, and unquestionably, by far the greater part is to be classified under "Fatalities in Trade."

While there can be no doubt that the enforcement of adequate

preventive measures would greatly reduce the casualties, nevertheless there is in many trades an irreducible minimum, owing to their inherent hazards.

If a manufacturing company be justified, as it undoubtedly is, in charging against the cost of production the breakage and the wear and tear of machinery, does it not seem logical to add to the total cost, that of the wear and tear of human life?

To attain high efficiency and economy in industrial production, it is of vital importance that friendly relations between employer and employee be established and maintained. This, I can say as a man who has had large experience in handling labor. Therefore, even from an economic point of view, every effort should be made to eliminate just causes of grievances, and there can be no question that the present employers' liability laws, from the injustice inflicted upon employees are provocative of serious friction. For this reason, then, and irrespective of many other important considerations, as, for example, the conduct of industrial operations in a humanitarian spirit, and the prevention, in the interests of the community, of labor troubles, this problem deserves the earnest consideration of all citizens in its solution.

The study of the present laws as to employers' liability will convince any fair-minded man that they are—and I do not think I am overstating the case—iniquitous. The present laws not only involve cruel delay in the way of relief to the unfortunate sufferers from industrial accidents, but result in the diversion of the greater part of the relief fund provided by the employers into the pockets of unscrupulous professional claim agents and lawyers of ambulance-chasing proclivities. Our laws on this subject are obsolete and are far behind the European practice. To put it mildly, they are a disgrace to our country.

BURDEN OF INDUSTRIAL ACCIDENTS

BY JOHN MITCHELL,
Vice-President American Federation of Labor.

During recent years the problem of industrial accidents and their prevention, and the question of compensation to workmen for losses caused by them have provoked wide public discussion, as a result of which the Federal Government and several state legislatures have appointed commissions to investigate the causes of such accidents and to devise some legal system of automatically indemnifying workmen for losses caused by them.

These subjects concern, in a very large way, all the people of the state and nation, although they affect more immediately the workmen, because it is upon them that the burden falls with crushing weight; it is they and their dependents who suffer the direct and terrible consequences of such accidents. The greatest disaster that can befall the family of a wage-earner is to have the father and bread-winner carried lifeless into his home, and the shock of this calamity comes with added force when the death is due to an industrial accident—yet in our country this tragedy is enacted more than 100 times each day, more than 35,000 times each year!

While the bread of the laborer is earned in the sweat of his brow, it is eaten in the peril of his life. Whether he work upon the sea, upon the earth, or in the mines underneath the earth, the laborer constantly faces imminent death; and his danger increases with the progress of the age. With each new invention the number of killed and injured rises. Each new speeding up of the mechanisms of industrial life, each increase in the number and size of our mighty engines, brings with it fresh human sacrifices. Each year the locomotive augments the number of its victims, in each year is lengthened the roll of the men who enter the dark and dampness of the mine, never to return to their homes and loved ones.

Many are killed without violence; thousands of wage-earners lose their lives in factories, mills and mines without the inquest of a coroner. The slow death that comes from working in a vitiated atmosphere, from laboring incessantly in constrained and unnatural

postures, from constant contact of the hands and lips with poisonous substances; lastly, the death which comes from prolonged exposure to inclement weather, from over-exertion and under-nutrition, from lack of sleep, from lack of recuperation, swells beyond computation the unnumbered victims of a restless progress.

It is, of course, inconceivable that the gigantic industrial movements of the American people should be conducted without some fatalities. The industrial structure is a huge machine, hard running and with many unguarded parts, and many of the fatalities, many of the deaths in general are simply and solely the result of conditions beyond human control, and inseparable from the ordinary course of existence. But thousands upon thousands of easily preventable accidents and fatalities occur each year, and it is from these that we should strive to secure relief.

In the United States the number of persons killed and injured is not even officially counted, but Mr. William Hard, a well-known writer, credits the American Institute of Social Service with the statement that 536,165 workmen are killed or injured every year in American industry, while Mr. Hoffman, statistician of the Prudential Life Insurance Company, has estimated the annual number of industrial accidents at approximately two million. As a matter of fact, however, the death roll of industry is longer than is evident from obtainable figures. No one can compute the number annually yielding up their lives, or compelled to become a burden upon their friends or relatives or dependent upon the charity and munificence of society, who have come to their death or disability as a result of disease contracted in their occupations.

It is a strange commentary upon our boasted American civilization that in the United States nearly three times as many persons, in proportion to the number employed, are killed or injured in the course of their employment, as in any other country in the world.

In pointing out the evils that exist, I do not wish to convey the impression that society is unwilling to correct the wrongs that have grown out of our marvelous industrial development. The difficulty is that society does not understand the gravity of the situation. There is nothing sensational or dramatic in the killing of a workman here and workman there, hence the public is not startled and shocked as it would be if 500,000 men were killed or wounded in some great war, or even if their death or injury were caused by a series of earthquakes, fires or floods.

The American people are generous to the afflicted, they are sympathetic with those in distress, they respond with a golden stream to every great disaster that overtakes any section of the people in any part of the world, and if they understood the alarming and unnecessary loss of life and incapacitation of workmen that occur day after day, year after year, in the peaceful conduct of our industries, I am entirely convinced that they would rise in righteous protest and demand and insist that, without regard to cost in money, every precaution which it is possible for the human mind to conceive should be exercised in protecting the lives and promoting the health of the toilers and in providing a decent compensation for those who fall victims to the hazard of industrial pursuits.

Regrettable and alarming as is the number of industrial accidents and fatalities attendant upon the conduct of our industries, yet we might reconcile ourselves to conditions even as they now exist if it were not possible, by the exercise of reasonable precautions to reduce the number of industrial accidents; but when we observe the number and ratio of workmen killed and injured in the industries of the United States, as compared to the number and ratio of workmen killed and injured in the industries of other nations, we are led to the inevitable conclusion that if it cost more to kill a workman in America than to protect him, as it does in Europe, the American workman would not be killed, he would be protected; and the number of industrial accidents would be reduced at least one-half.

As an illustration of what has been accomplished in Europe through wise legislation, and as an evidence of what could be accomplished by proper legislation in the United States, your attention is directed to the fact that, taking all the mining countries of the old world, the average annual number of industrial fatalities is 1.45 per 1,000 employed, whereas in the United States the average number of mining fatalities is 3.46 per 1,000 employed. In other words, for each 10,000 men employed in the mining industries of European countries, 14 are killed annually, while for each 10,000 employed in the mining industry of the United States, 34 are killed annually. In considering these figures it is important to know that from the standpoint of natural conditions, mining is no more dangerous in the United States than it is in the countries of the old world,

therefore the disproportionate number of mining accidents in the United States, as against all European nations, can be attributed only to inadequate laws and imperfect regulations; and as, in respect to accidents, the mining industry is typical of all industries, it becomes apparent that in legislation we have failed to protect our wage-earners with the far-sighted statesmanship that has characterized the lawmakers of other nations.

In order that we may extricate ourselves from the humiliating and degrading position we now occupy in respect to this question, it is imperative that the factory and mining laws of all our states—which at the present time are wholly inadequate—should be greatly extended and should be enforced with the utmost vigor. Employers should be required, under severe penalty, to equip machinery and working places with every practical safety device it is possible to secure. And the state itself should establish museums of safety devices and industrial hygiene, in which should be exhibited drawings and models of all safety appliances in use in this and other countries. Furthermore, the force of factory and mine inspectors should be largely increased, the inspectors should be removed from the sphere of political influence, and schools should be conducted in connection with the museums of safety devices, in which inspectors could be thoroughly trained in the work the law requires them to do.

Here let me call attention to the fact that in an address delivered the day before yesterday, in the City of New York, the statement was made that there were fifty per cent more game wardens than factory inspectors employed by the State of New York. I do not wish to suggest that the protection of game and fish is not important, but I do mean to suggest that there should be more inspectors to protect human life than to protect the birds and the fishes.

What the working men desire and demand is not so much compensation for injury, as prevention of injury. It is all very well to receive \$1,000 for the loss of an eye or the loss of a leg, but it is much better for the man, as it is for society, that the eye or the leg be not lost.

However, the workman who is killed or injured in any industry should receive from that industry, either directly or through his heirs, a suitable compensation, whether the injury be due to the negli-

gence of the employer or not. It is inhuman to permit disabled workmen to lack for the necessities of life, it is inhuman to permit widows and orphans of men who have died in the performance of their duty to be left without suitable provision for their future maintenance.

I believe that industry should bear the burden of the pecuniary loss sustained by workmen as a result of industrial accidents, just as it is now required to repair its machinery and to offset the losses caused by depreciation in the value of its plants. The workmen and those dependent upon them are now, and will be under any system, required to bear all the physical pain and mental suffering; of this they cannot be relieved; for this they cannot be recompensed; but they should be relieved of the harrowing fear of hunger and want, they should be guaranteed against the humiliation and degradation of becoming objects of charity.

And again, may I say parenthetically, that what the miners down in Scranton required, was not so much compensation, as prevention. The one hundred men who gave up their lives yesterday, in order that the coal industry should go on, might be living to-day if proper regulations for their protection had been enforced. And what a sad thing it is to read this afternoon of a hundred and fifty convicts killed through an explosion in a coal mine in Alabama! One might think he were reading the history of France in the days of its worst despotism. One hundred and fifty convicts in the mines! It makes one think of the galley slaves! What a shame it is that convicts must work in the mines! A free man has some chance to protect himself. A convict has none. A free man may refuse to work. The convict must work. And I trust that this disaster in Alabama will do there what a like disaster did in Tennessee, that it may cause the State of Alabama to remove from its statutes the disgraceful law that sentences its criminals to work in the mines.

If I may ask your patience a few minutes longer, I should like to treat briefly of one phase of this subject that I have not heard discussed to-night—although perhaps it has been discussed during the other sessions—and that is the cost. The question of how much a compensation system would cost in money is important both to the workmen and the employers. It is, of course, impossible to say what the exact cost would be if we should abandon our

present system of liability and substitute for it an automatic system of compensation. However, we find that during the eleven years from 1894 to 1905, the employers liability companies of the United States took in \$99,959,076 in premiums from American employers. During this period these companies paid out in the settlement of claims of injured workmen \$43,599,498, or 43 per cent of the amount they took in. Of the 43 million dollars paid in settlement of such claims, it is safe to say that 35 per cent was expended by the injured workmen in the payment of attorneys' fees and court expenses; so that, in the final analysis, the injured workmen received less than 30 million dollars out of the 100 million dollars paid by American employers in premiums to liability companies. Allowing 15 million dollars for the administration of the insurance companies and for reserve, it would mean that fifty-five million dollars were wasted—were worse than wasted—because the money was used in burdening our courts with litigation and in delaying or defeating the settlement of claims, many of them just claims, when it should have been used, and would have been used under a wise compensation system, for the immediate relief of the men and their families who are the victims of the hazard of industrial pursuits.

The matter of waste in our present system is illustrated in a story told of a Chicago workman, employed in the building industry. He fell from the building, and after being assisted into an ambulance by several of the contingent fee lawyers who were there, and having made a contract with one of them to prosecute a suit for damages, he was taken away. Some three months later his lawyer called at the house, and said to him, "Well, I have settled the case. I got an award of \$1,500"; and he handed the workman \$500, and a receipt for \$1,000. The workman looked at him with an expression somewhat dissatisfied and surprised, whereupon the lawyer said, "Why, what is the matter with you, do not you think I have won a good case?" he said "Oh, yes, you won a good case, but I just was wondering which one of us it was that fell off the building."

Let me tell you an incident that is not at all ludicrous. Down in one of the Southern states, a short time ago, a ten-year-old girl was employed in a cotton mill. One day she got caught in the machine and her arms were torn out. Her parents sued the employer for damages, and when the case came to trial, the company's

lawyers made a motion that the suit be dismissed on the ground that the girl had assumed all the risks of her work. The judge entertained the motion and dismissed the case, deciding that the girl, ten years old, knew the dangers of her work and, therefore, had assumed all its risks! For that ten-year-old girl to know the dangers of her work and be required under our system to assume all the risks—I should be the last one to criticise the courts—I got into trouble once—but I would not have rendered that decision; (and perhaps I would not be a judge next day), I would not say that a ten-year-old girl knew the dangers of her work, and must assume all the responsibility of having her arms torn out.

Referring to these figures of \$100,000,000: I am not prepared to say that even if the entire one hundred million dollars had been paid to the injured workmen, it would have been sufficient to have indemnified them for their losses; but I do believe that it would not have required very much more to have compensated them on the basis of the British Workmen's Compensation Act.

It would seem to me that from every consideration of sound business judgment, practical economy, and fair dealing between man and man, we should not hesitate longer in abandoning a system that has been productive of so much misery and hardship, to say nothing of the friction and ill-feeling engendered between employer and employee. Under our present system an injured workman is compelled to sue the only man on earth upon whom he has a moral claim for employment, whereas under an automatic compensation system, such as prevails in foreign countries, a man receives as a right, not as a benefaction, a definite amount of money—a sufficient amount to tide him or his dependents over the period of greatest distress.

During recent years our statesmen, scientists and politicians have been loud and earnest in their protestations against the waste and exhaustion of the nation's natural resources. The conservation of the material wealth of the nation is a matter of deep concern and of vital interest to our own and to future generations, but, in view of the fact that 536,000 workmen are killed or injured every year in American industry, is it not high time that systematic and effective efforts be made by the state and national governments to protect and conserve our human resources—the lives, the health, and the happiness of the men and women and children of labor?

INJUSTICE OF THE PRESENT SYSTEM

BY JAMES BRONSON REYNOLDS,
Assistant District Attorney, New York.

The Workmen's Compensation Act of New York provides that employers in certain extra hazardous occupations shall be required to provide compensation to workmen in case of all accidents, unless the responsibility of the workmen for serious negligence is apparent. This bill, before it was passed by the legislature, was most carefully considered. It received the endorsement not only of labor organizations, but also of leading employers, some of whom were affected by the terms of the bill. All the provisions of the bill were carefully considered, with an earnest desire to see that it imposed no unjust obligation upon any one. In spite of such careful and detailed consideration of the principles underlying the bill and of their application, by the Commission, by the Legislature, and by citizens whose comment was invited, our Court of Appeals decided by an unanimous vote that it was unconstitutional.

I recall a remark of Thomas Carlyle, to the effect that if you are going anywhere you must start from where you are. In a Hibernian sense the Court of Appeals must have had this in mind. Since it was not going anywhere, it did not start from where we are. It started from the old common law of three or four centuries ago, and coming down to this legislation pronounced it highly revolutionary. From the old common law point of view I have no doubt they were right. Since the day when the common law was the law of the land of Great Britain, conditions have revolutionized life and conduct, and if our courts are to enter the field of economics and determine the propriety or impropriety of laws in relation to social conditions and social well-being, they ought to consider the social conditions of to-day, the social legislation which has recently been passed, and the spirit as well as the letter of our national and state constitutions. And I believe that if our Court of Appeals of the State of New York had been as well informed regarding the social conditions of our time and the social thought of our time, as it is regarding legislation in the past and in the present,

it would have rendered an entirely different decision. Without attempting to pass judgment on the wisdom or unwisdom of the particular law in question, I do believe that the time has come when we must insist that we shall be free, within certain reasonable limits, to pass whatever laws seem to us to be right and just, that are manifestly for the welfare of the people of our time. If our courts refuse to recognize the justice of this determination, and declare that the constitutions of our states, drafted to secure and maintain the liberty of our citizens, make impossible such social legislation for the promotion of well-being and social progress, then the sooner our constitutions are amended the better.

Now, I wish to make just two points in relation to the prevention of accidents. I believe a compulsory workmen's compensation law to be a most valuable agency for the prevention of accidents. Such a law would make apparent the enormous size of the bill now being paid to settle the losses arising from accidents to industrial laborers. Of course, the community already pays the bill, but it pays it blindly, only slightly appreciating its size, and the bill paid by the community is much larger than would be paid under a workmen's compensation law. The full amount of the present bill no one can calculate.

Some of us, who have to do with the machinery of justice, once in a while come across a case of a boy or girl with life ruined which we can trace back to the time when the wage-worker of the family was thrown out of employment. The son or daughter who had been getting an education to enable him or her to make an independent, honest livelihood was compelled to go to work without proper education, and because of inadequate preparation for life, became one of the unskilled and frequently unemployed, unfortunate and dependent, or fell into the delinquent class, and turned up a common criminal. We pay these remote items of the bill, as well as the direct medical and hospital charges and charity relief. But if only the direct charges were placed on the trade under a workmen's compensation law, the amount would be so great and the burden so considerable that employers and employees would make a more united effort to prevent the occurrence of accidents.

But more preventive still in my judgment would be the effect of a workmen's compensation law, if the burden were distributed equitably on the three parties in interest, viz.: the public, the em-

ployer and the employee. Under any compensation law all these will bear their burden, but the distribution of the burdens which are unassigned will not be equitable and the beneficial effects will not so surely follow. But, if the respective amounts are determined fairly and are imposed directly, the stimulus to diminish accidents will surely become greater. The public, to reduce its share of the burden, will pass stricter laws to prevent accidents, and be more interested in their proper enforcement. Employers will be more liberal in installing, on their own initiative, accident-preventing machinery, and will be more careful to enforce their own regulations. Finally, workmen will be careful themselves, and more insistent on the carefulness of their fellow-workmen to avoid accidents. The burden directly and constantly visible will produce the results which regularly have followed from direct taxation. Thus the increased vigilance of employers and employees, and the greater zeal of legislators and executives would work together for the common good, and this good would follow from the imposition of a workmen's compensation law whose burdens should be equitably distributed and directly imposed.

NECESSITY FOR SOCIAL INSURANCE

BY JOHN GRAHAM BROOKS,
Cambridge, Mass.

I have never been, in all these years, to a public meeting which has given me so much hope that some real constructive good may come out of it as this recent gathering of the Academy. Mr. Hammond called our American Employers' Liability law by its proper name, "iniquitous." And we all seem to be agreed about it. In the hope of getting a little more leverage, and even not being ashamed to make a kind of moral appeal, I have set down notes on a fairly long experience. It is pretty nearly twenty-two years since I was asked by Carroll D. Wright to go to Europe to study this question. It was hard work for two years, with much knocking about Europe, and since then I have done my best, at least, to keep track of the insurance discussion. Soon after that we had a public meeting in Washington on this same subject, but it was then like talking to the stone-deaf; and now, to come into this new atmosphere shows that the change has come—a change that makes elementary justice a possibility.

I want to tell you the first thing that startled me when I tried to study this question twenty-two years ago in Germany. It is commonplace to us now, but it was not then. It was of a man working in certain dangerous trades in Germany, where his chances of being crippled or killed were fifteen times as great as those of a man working in certain factories or in a sugar refinery, and both got practically the same wage. Society ignorantly permitted an injustice like that. What should we, as parents, think of ourselves for allowing a son to choose freely in those two situations, to say: "You have to earn your own living; but at one trade you run fifteen times the chance of being crippled and get no more pay." You would call a parent that did that inhuman; but that is exactly what society has long been doing in this country. After I came back to America there came into my experience the case of a young man with a family. He crawled under a trolley car every day, as he had to, to examine the car. One day the conductor started it, and left

the man's leg, the lower part of it, pulp. It had to be amputated twice, followed by extreme suffering, and then the case was held up by litigation nearly seven years. But for years of outside effort, he never would have got a cent, because we were playing this perfectly vicious game of "assumption of risk" and "contributory negligence," under the complicated conditions of modern industry. I saw most of his property paid out, the look of pain grow on the face of his wife. In the end, by a sort of private appeal, that great corporation, which I am not blaming, gave him scarcely enough money to pay the doctor's bills. I began at that time to make collections of every authoritative statement of accident that I could get. They run into thousands. If we multiply them many times yearly, we get some notion of the vast tragedy that is made possible by legal imperfections. We are here practically agreed that these are to be cleaned out, all that "contributory negligence," the "fellow servant doctrine," the "assumption of risk"—all has to be cleaned out, like poison from the system.

I once heard of an Englishman who was asked to give money to go to India to some mission where he had been. He gave a shilling, and took out a gold sovereign in the other hand. "What do you keep these apart for?" he was asked. "That shilling," he replied, "is to go to the heathen, and this sovereign is to pay the bills for getting it there." A great business has reported that under our present laws one dollar in four gets to the injured. Are we to tolerate a waste like that? The fact, and we have got to understand it clearly, is that every cent of this expense has got to be borne, probably first by an insured group of employers, and then go straight where it belongs, into the price of the product. The essence of the German system, in my opinion, we have got to take, though we shall have to adapt it to our conditions. We shall try many voluntary schemes and, except for those who are very strong and least need insurance, we shall find that voluntary schemes do not suffice; and, if I had time I could show you in several countries any amount of attempts at voluntary schemes, that have been a history of failure. In my opinion we have got to be prepared for a very large extension of compulsion, even for the sake of employers, but chiefly for the mass of weaker workers. I have a letter in my hand that I cannot read, because it is so long, from one who knows more about the subject we are talking about than any other living man. The gist of

that communication is this: "Why do not your universities get competent students to take a record from nine or ten different countries and classify the experience for your own needs? Get this done by the ablest men in your universities, so that when the question comes up in different states, you have facts about every single phase of this legislation? Here we have a vast experience boiled down, country by country, so that all can look at it. I am not asking you to accept our system, but I am asking that you will look at the work of more than twenty years, in eight or nine different countries, where every variety of insurance has been tried." This suggestion is too important to forget.

In concluding, Dr. Talcott Williams rather took my breath away this morning. I have been criticised over and over again for saying that the battles of the Civil War were hardly more deadly than the devastation which we create by carelessness and ignorance in the United States. I have often said that more than half a million were killed or injured every year in our industries, and Mr. Williams said, as I understood him, a million.

The justification which a layman feels in using strong language about this inhumanity of our present accident laws is, that wherever the facts have had thorough discussion, both lawyers and politicians of highest eminence agree in condemning conditions like those now existing in the United States. It was of these that Sir Frederick Pollock said, "I think the doctrine of the American and English courts is bad law as well as bad policy." Of these same conditions (the English act of 1880) Mr. Asquith used the words, "A scandal and a reproach to the legislature, an elaborate series of traps and pitfalls for the unwary litigant, and producing litigation which, in proportion to its difficulty and cost, is absolutely barren of result." Lord Salisbury and Mr. Chamberlain both used language scarcely less severe. When the discussion began in the House of Commons, twenty years ago, scores of able men hotly defended these laws. It is now said that no first-rate man in the house will even attempt a defence. At the international congresses for the discussion of accident insurance, the part which "common employment" has paid in our legislature has invariably elicited surprise and disapproval.

Ten years ago a doctor said to me in Berlin, "Before you come over here, I shall be able to show you that we are saving human life enough, in actual days and months, enough of health and energy,

to pay all these stupendous millions that it costs." I said, "I do not believe it." Two years ago I went to his house in Berlin. He said, "I know what you are going to ask me, and I think I can prove it to you." A German member of Parliament, who has just left this country, confirmed this opinion. He said, "It is true that this pension legislation really carried out systematically, with the help of German science, has saved enough human life and health, measured in dollars, to pay the whole stupendous bill." I know no more remarkable or hopeful sociological fact than that. May it lead us, not in detail, but in general spirit to the same large measure of justice.

RED CROSS MEASURES FOR THE PREVENTION OF DISASTERS

BY MABEL T. BOARDMAN,

Member of the Executive Committee of the American Red Cross,
Washington, D. C.

Should I take a text for this short address upon Red Cross measures for the prevention of disasters, I would select the last words of paragraph 5 of the charter by which Congress incorporated the American Red Cross and defined its duties.

The entire paragraph reads, "And to continue and carry on a system of national and international relief in time of peace and apply the same in mitigating sufferings caused by pestilence, famine, fire, floods, and other great calamities." Then comes the duty to which I wish particularly to refer: "And to devise and carry on measures for preventing the same."

Therefore, the Red Cross was created not simply to provide a pound of cure, but to seek also for the far more valuable ounce of prevention.

No more serious disaster can occur to any country than the disaster of war. If, in its primary purpose, the Red Cross was organized to mitigate at such time the suffering of the wounded as a pound of cure, is it not true that in broadening the field of its beneficent service so as to render sympathetic and generous aid when calamities o'ertake our sister nations, it all unconsciously is providing an ounce for the prevention of war and laying a foundation stone in the temple of peace?

In a letter lately received by the Red Cross from the Secretary of State, Mr. Knox says: "On the occasions when the Department of State has brought foreign disasters to the attention of the American Red Cross its prompt and efficient action has always been most gratifying and should be a source of pride to our countrymen. In these days when the spirit of humanity and helpfulness more and more ignores boundaries, international aid in case of foreign disasters is especially appropriate and is of very real value, I believe, in

promoting that international good will with the fostering of which the diplomacy of the United States is so much engaged."

Let me speak briefly of another field of preventive work that the Red Cross has aided in this winter. Early in February the State Department inquired of the Red Cross if it could provide an expert bacteriologist for an international commission asked for by the Chinese Government, for the study and extermination of the pneumonic plague that is raging in Manchuria. After consulting with some of the most prominent physicians in this country, and with Mr. Dean Worcester, of the Philippine Commission, the Red Cross was most fortunate in securing the services of Dr. Richard P. Strong, head of the Bureau of Science in Manila, and of his assistant, Dr. Oscar Teague. Funds were cabled to Dr. Strong so that they could start immediately, which they did by the first available steamer, going via Peking to Mukden, the center of the plague district. There they established a laboratory in connection with the plague hospital, and for six weeks, taking their lives in their hands, they have been studying this deadly pestilence so as to be of practical assistance to the international commission when it meets this month. We here, in the midst of what modern sanitation and hygiene have given us, can little realize the horrors of a plague-ravaged country nor that our own safety means eternal vigilance, and the courageous labors of such men as these.

When some serious disaster occurs like the terrible factory fire the other day in New York City, by which a large number of lives are lost at once, a thrill of horror sweeps over the country, but how little thought is given to the fact that 2,450 of our miners are killed each year and 6,772 injured, that the railroads claim some 3,000 dead and 64,000 injured. Statistics in regard to industrial accidents are neither complete nor accurate in the United States, but it is believed that five hundred thousand persons are killed or incapacitated yearly. Is the Red Cross wrong in regarding this as a national calamity, especially when it is estimated that sixty-six per cent of these accidents are due to negligence on the part of the employers or the employees?

In Surgeon General O'Reilly's preface for the Red Cross first-aid text-book, prepared by Major Charles Lynch, of the Army Medical Service, he says: "Notwithstanding the many excellent works already in existence on first-aid instruction, none of the

writers, so far as I know, has given much thought to teaching the prevention of accidents. While this subject is necessarily treated rather briefly here, at least enough is said to call attention to the importance of prevention as contrasted with cure, and for this reason it seems to me peculiarly appropriate that this book should have the endorsement of the Red Cross, as the beneficent mission of that society, like that of the good physician in treating of diseases, should be to go deeply into causes, and their responsibility for the physical sufferings of humanity, rather than to resort solely to palliative measures."

Furthermore, in the industrial edition of this text-book, which has been translated into Polac, Slovak, Lithuanian and Italian, and which is dedicated to The Industrial Army of the United States of America, many pages are devoted to suggestions for the prevention of accidents.

Those for railroad employees, for example, propose the offering of instruction in the theory and practice of safety in railroading by the company, and advocate safety appliances, reasonable hours, common care on the part of the employees, etc. For passengers and others a list of "nevers" is provided. "Never to cross a railway at a grade crossing before making sure that no trains are approaching." "Never jump on or off cars in motion," and finally, "Never forget that carelessness on your part in regard to these precautions not only endangers your life but the happiness and welfare of those most dear to you."

Moreover, the Red Cross has had over sixty thousand of these precautions printed on posters and distributed to railroads, and over thirty thousand of a like nature for use in trolley cars.

In the mining section of the text-books thirteen "don'ts" are given for miners. "Don't forget to sound the roof after each blast." "Don't fire two holes at once," etc. Eight for the laborer, such as "Don't walk haulage roads; go the manway." Eight for runners, such as "Don't ride on the side of the car." Three for drivers, and three for trappers or door boys.

In the section devoted to injuries of the factory and workshop various precautions against accidents are provided: "Notify the engineer before doing any work upon the main line shafting, pulleys or belts while the engine is stopped," etc. Precautions against accidents from electricity, such as "A man should not work on a wire

or conductor with arms exposed"; "in handling circuits of over 115 volts use, if possible, only one hand, keeping the other in the pocket or behind the back," etc.

The Red Cross employs two physicians, one who devotes his time to the organizing of first-aid courses among miners and who accompanies the rescue cars of the Government Bureau of Mines; the other who devotes his time to the organizing of first-aid courses among railroad men, and who is attached to the Red Cross First-aid Instruction Car. Both these men, Dr. Shields and Dr. Glasgow, make a special point of dwelling upon the great importance of precaution to prevent accidents.

In thus providing instruction in first-aid for the great industrial army of our country, a still further act of prevention takes place—the prevention of serious consequences because of the ignorant treatment of the injured. The celebrated German surgeon, Dr. Von Esmark, most truly said "The fate of a wounded man depends upon into whose hands he first falls."

Thus, briefly, I have given you some of the measures the American Red Cross has undertaken to prevent disasters. Had you been at a miners' first-aid competition held by the Red Cross in Northern Pennsylvania, you would have seen a mine disaster illustrated in a most dramatic way. A facsimile of the mine was built above ground, the miners busily at work with their pickaxes, the flash of the explosion, the falling roof, the groaning, burned and injured men, and then the pathetic cry of the Welsh miner who came first to their assistance, "Come quick! There's a man hurted!" A cry that goes to the heart of the Red Cross and to which it seeks to respond—that cry for the prevention of human suffering and the conservation of human life.

OUR LACK OF STATISTICS

BY MRS. FLORENCE KELLEY,
General Secretary, National Consumers' League, New York.

Ever since the death, some years ago, of a number of young girls in a factory in Market Street, here in Philadelphia, our honest and modest Commissioner of Labor, John Williams, has been warning us of the danger of such a holocaust in New York. The blood of those who perished in the fire in the Triangle Shirtwaist factory, their average age, so far as it has been possible to identify them, only 19 years, is not upon the heads of the factory inspectors. They never lulled us into any false sense of security. That crime is on our heads, as a callous, reckless community.

Beginning on Sunday last,¹ I have spent much time in meetings of working people in New York, called to mourn the death of the 146 workers and to devise ways to prevent similar future sacrifice. The contrast is very strong to-night. I do not seem able to adjust myself to it. I have been looking into the grave faces of working people at Cooper Union and elsewhere, and I have seen just one smile. I walked on Wednesday four hours in the rain with those who mourned. A half million working people stood all those hours in the streets in the rain. I saw just one smile, and that on the face of a drunken man. I have never seen faces so filled with concern as those which lined miles of the streets of New York, faces of men, women and youth mourning the slaughter of their fellow-workers.

We Americans show that we do not care, because we do not punish those who take life. Ever since I spent that four hours among those half million silent mourners in that silent drenching rain, in that solemn, unrelieved gloom, I have been haunted by certain questions, and I wish to put everything in the rest of my speech in the interrogative form.

The questions are these: First, whether our statistics of the deaths of working people at their work would not move rapidly toward zero if we stopped extending Christian forgiveness to those

¹This address was delivered Friday, April 7, 1911.

who kill 146 young workers, who lock their doors for fear lest a cheap shirtwaist be stolen, and themselves steal 146 young lives, or if we went back to the old Jewish law, which gave an eye for an eye, a tooth for a tooth, a life for a life. If we should apply that law in the case of the very small statistics now freshly at hand—here are 146 young lives destroyed by employers who were breaking the law in every way in which it was convenient to break the law—let us see just what lives would be called for if the working class really sent in their bill for a life for a life. Would there not come first the cruel and cowardly employers who found refuge and safety on the roof, while 146 of their young workers died like rats in the trap set for them? Harris and Blanck were the only employers in that building who refused to grant the Saturday half-holiday. If they had granted it their workrooms would have been closed and empty at the time of the fire. After the fire they moved their workrooms to another building exactly as unsafe. Again they locked the doors, placed heavy tables in front of their windows, and over-crowded the floors with machines!

Then would there not come the judges of the Court of Appeals, who two days before the fire gave leave to kill, when they announced in their decision, in the Ives case, that workmen's compensation under the new statute, would be property taken without due process of law—while life is taken as we have seen during the present month?

There is no compulsory fire drill in this country, and everyone, judges included, knows that there is none. Is it not, therefore, reasonable to suppose that sooner or later the working class will send in its bill for a life for a life, logically asking, first the lives of the employers, and then of the judges who virtually gave permission to take such risks? Would not the building inspector come next, who certified safe the top of the elevator, where a wooden beam dishonestly took the place of the required steel beam to sustain elevators which, as that building inspector knew, were the sole hope of escape in the absence of accessible fire escapes? Might he not suitably close the procession, followed only by the stockholders and bondholders of the Asch Building, who profited by the economy of that wooden beam, and the absence of fire escapes?

If the old Jewish retributive rule, a life for a life, were enforced throughout our country in this and all kindred cases, should we not have immediately the most compendious information about all deaths and all industrial causes leading to those deaths?

Some time ago a great banker of New York City was killed on a train of the New York Central Railroad. Without waiting to be sued, the company paid \$60,000 to his widow. As I walked through the rain, I thought of those deprived of their sons and daughters, mothers in the old country, patiently waiting for money to be sent to enable them to come to their children here; and I wondered on what statistical basis one could work out this problem: Charity has brought together \$81,000 for the survivors of 146 working people, who had on the morning of their death probability of life much greater than that of Mr. Spencer Trask (his actuarial expectation of life was extinct) who had no dependent children, who left his wife in such position that it was worth while for the New York Central Railroad to offer \$60,000, which she then bestowed in charity. What is the statistical ratio and the social ratio between the life of an elderly, childless banker, and the lives of 146 young workers, killed at their work? Between \$60,000, furnished by friendly agreement between the railroad and his estate, and \$81,000, furnished to the survivors of 146 young workers by charity?

A curious coincidence: It is two weeks since that fire, and there have been 26 Socialist mayors elected in these two weeks in the spring elections. I do not believe it is cause and effect, but I think it is a coincidence, a startling one. Rose Schneiderman, the cap-maker, speaking for the National Women's Trades Union League, stood last Sunday in the Metropolitan Opera House, filled with citizens of New York and working people, and said: "Citizens, the working class of New York has tried you for a long time, has looked to you for the safety of working people, and you have not succeeded, you have not made life safe for us. So I think the time is coming when the working people will have to be their own committee, and furnish their own inspectors, and carry on their own industries." In that great Metropolitan Opera House, without an empty seat, one could have heard a pin drop as she spoke. Is it not a coincidence when in the month of the annulment of the compensation law and of the holocaust, the immigrant working women who, except the children, are the most defenceless of all the workers, when they, through their spokesman, look such an audience in the face and say, "You have been tried and you have failed?"

I do not believe that we shall find much help in merely gathering statistics. I do not think that working people will continue pas-

sively to see young lives destroyed by hundreds. More women are sensitive every year to the appeal for clean and healthful, safe and good conditions of work. And with the ultimate consumer rests the fate of every industry.

As soon as the idea roots itself and spreads abroad in the land, which has expressed itself in every discussion by working people these last few weeks, that *there are no industrial accidents*, we shall begin to get full statistics of injuries. Working people speak of industrial injuries—they speak of murder. Men and women have been talking on the sidewalks as never before, not of accidents, but of industrial injuries, of manslaughter, of murder. Had this catastrophe occurred before Miss Eastman published her book, which she generously let me read in manuscript, I should have entreated her to change its title, because I believe the book to be an epoch-making discussion of industrial injuries.

Are we not as foolish to talk of industrial accidents in a world governed by law, we who are all servants of modern science, as we should be if we tried to propitiate evil spirits asking them not to injure people who are at work, or if we wore amulets to save us from the interference of evil spirits? There is one evil spirit, one figure which serves to symbolize the statistics of industrial injuries to working people—the symbolic figure of Greed.

THE THREE ESSENTIALS FOR ACCIDENT PREVENTION

BY CRYSTAL EASTMAN,

Secretary New York Commission on Employers' Liability and Causes of Industrial Accidents, Unemployment and Lack of Farm Labor.

When I read in the newspaper the day after that terrible fire in Washington Place two weeks ago, that a relief fund had been started, that so and so and so and so had contributed so and so much, and the Red Cross had opened an office in the Metropolitan Building to "administer the fund," it turned my soul sick. When I read in the Bulletin of the New York Department of Labor, among particulars of fatal accidents in 1908 such records as this: "*Helper—flooring factory—age 18—clothing caught by set-screws in shafting; both arms and legs torn off; death ensued in five hours,*" my spirit revolts against all this benevolent talk about workingmen's insurance and compensation.

When great unforeseen disasters like the San Francisco earthquake come upon humanity by act of God, we can be thrilled and uplifted by the wave of generous giving which sweeps over the country—we can be comforted by contributing a little ourselves to aid the survivors. And when we are thinking of the deadly list of unpreventable work accidents—the blast furnace explosions, the electric shocks, the falls—it appeases our sense of right a little to realize that we are working away as hard as we can for a law which will assure a livelihood to the children of the victims. But when the strong young body of a free man is caught up by a little projecting set-screw, whirled round a shaft and battered to death, when we know that a set-screw can be countersunk at a trivial cost, when we know that the law of the state has prohibited projecting set-screws for many years, then who wants to talk about "three years' wages to the widow," and "shall it be paid in instalments, or in lump sum?" and "shall the workman contribute?" What we want is to put somebody in jail. And when the dead bodies of girls are found piled up against locked doors leading to the exits after a factory fire, when we know that locking such doors is a prevailing custom in such factories, and one that has continued in New York

City since those 146 lives were lost in the Triangle Waist Company fire, who wants to hear about a great relief fund? What we want is to start a revolution.

That is why I am glad that for once I have a change to talk about preventing accidents instead of about paying money to the victims.

If we undertake to stop this unnecessary killing and injuring of workers in the course of industry, we must pause and consider what are the essential weapons of our campaign.

The first thing we need is information, complete and accurate information about the accidents that are happening. It seems a tame thing to drop so suddenly from talk of revolutions to talk of statistics. But I believe in statistics just as firmly as I believe in revolutions. And what is more, I believe statistics are good stuff to start a revolution with. We must know how many men are killed and injured at their work every year in every state, not only in mines, railroads, and factories, but in all the building trades, in tunnelling, in engineering work of all kinds, in the loading and unloading of vessels, in water transportation, in teaming, and all the risky occupations of the city streets, in washing office windows, in agriculture, in the business of distributing gas and electricity, in the installation of telegraph and telephone lines. We must know not only how many are killed, but how many are killed in proportion to the number employed—the relative danger of the occupation. And about each of these accidents we must find out all we can, not only how it happened, and what machinery was involved, but what time of the day it happened; how long the injured man had been working; what were his regular working hours, etc. We must try to get every fact that will enable us to analyze accidents with a view to prevention.

How can we get such information? It is comparatively simple: require each employer engaged in any industrial pursuit to report every accident to his employees in the course of work. Minnesota has had such a law for a year, and under it has been able to record all but about 5 per cent of its industrial accidents. Many employers are not used to reporting, of course; but the Minnesota Labor Department secures a first notice of almost every accident through its newspaper clipping service, and, if in the course of a few days no notice comes in from the employer, they send him the clipping

with a polite notice of the law's requirement and a blank form for him to fill out. In this way, I am told, the backward employer is soon induced to fall in line and do his own reporting. As a result of its new accident reporting law, the Minnesota Labor Department has issued the first complete study of a year's industrial accidents I have ever seen. They found out for instance, that although mining, railroading and lumbering are the most dangerous industries of the state, contracting work follows close with 37 killed and 717 injured. In agriculture, 12 were killed and 51 injured; in the operations of public utilities corporations, 19 were killed and 207 injured; in teaming, 7 were killed and 17 injured; and so on. In New York since September, 1910, accidents in the building trades have been reported, and Illinois has a law requiring all accidents of employment causing death, or disability of more than 30 days, to be reported. But with these exceptions: I believe no state goes farther than to require accident reports for factories, mines and railroads. Minnesota's new law increased their accident reports from 1,590 in 1908 to 8,671 in 1910. If in Minnesota in one year 7,000 additional industrial accidents came to light under a complete reporting system, imagine what the number would be in Pennsylvania and New York, with their population six or seven times as great.

The New York State Employers' Liability Commission found that out of 554 fatal work accidents in the coroner's files, 325 had not been reported. And out of 451 injury cases taken to hospitals, only 56 had been reported to the Labor Department. These unreported accidents were not for the most part factory or railroad accidents which should have been reported, but accidents in other employments of which the state does not pretend to keep record.

Of course, in maintaining that complete accident reports are a first essential for accident prevention, I assume an intelligent use of them. We must have a grouping of accidents around the danger points in different industries and a very painstaking impartial intelligent study of their causes by the statistician with conclusions which will be of practical use to the inspector in his next rounds—not a mere cut and dried analysis of the accidents according to whether the employers reported them "due to negligence" or "inevitable." For this work we must have a statistician who looks upon his compilations not as an end in themselves, but always as a means to

prevention. A chief statistician with a great deal of common sense and a positive zeal for preventing accidents—that is what we must have in every labor department. And we must give him money enough to do his work.

I have always had an idea, too, that the law should provide for a certain publicity for these statistics. For instance, if every newspaper were required to print once a year the particulars of all fatal work accidents in the twelve months preceding, officially issued by the statistical bureau of the labor department, would it not help to keep us interested? And, if in addition certain simple and obvious statistical conclusions were printed; such as these for instance: In 1908, out of 257 industrial fatalities reported to this department, 26 were caused by men getting caught in belting, shafting, gearing, or other machinery, which could have been guarded so as to make the accident impossible; 21 were caused by men falling down elevator shafts or getting caught and crushed between the floor or walls and the elevator, accidents which would have been impossible on properly guarded elevators. Would not such statistics, published in the daily papers over the official signature of the Commissioner of Labor, help to keep the revolutionary spirit alive in us?

I have not looked into this matter yet, but I believe newspapers are required to publish certain matters of public concern, such as tax sales. Surely, these accident statistics are of equal public concern.

The second essential is a department for enforcing the accident prevention laws, commensurate in equipment and in power with the importance of its duty. The question whether accident prevention should be the exclusive duty of a special department or entrusted to the factory inspection bureau of the labor department, along with the enforcement of child labor laws, and the inspection of sanitary conditions, is one it seems to me which should be profoundly considered, but it is not a part of my plan to discuss it here. Clearly, whatever department is expected to enforce the laws for safeguarding life and limb, should be given money enough and power enough to do it.

In New York we have a fairly comprehensive law in respect to the guarding of machinery and other measures for safety in factories. The business of seeing that this law is complied with in the factories of the state, is entrusted to the chief factory inspector, who is paid \$3,000 a year, and his fifty-two deputies, who

are paid from \$1,000 to \$1,200 a year. But accident prevention is not the only business of this force. They must also enforce the laws in regard to child labor and hours of work, and sanitation and ventilation and lighting of factories.

So much for equipment. Now as to power. The violation of a safety provision in the labor law is a misdemeanor for which the employer may be fined from \$20 to \$50 for the first offense. The prosecution is conducted by the labor department in the lower courts. How does this work out? In 1909, there were seven prosecutions for violation of the safety laws, with this result: three suits were unsuccessful; in two, sentence was suspended; in two, employers were fined. The total fines amounted to \$35.

This small number of prosecutions might, of course, be co-existent with complete enforcement of the law. But it is not. The number of employers prosecuted seems to bear no relation to the number of employers who violate the laws with regard to accident prevention. For instance, in the same year during which there were seven prosecutions, there were among the 2,947 accidents reported to the department, 779 accidents classified as follows:

Accidents due to gearing	320
Accidents due to set-screws	337
Accidents due to shafting	73
Accidents due to belts and pulleys	49

779

We may fairly assume that most of these accidents resulted from violations of the statute which requires all "gearing, shafting, set-screws, belts and pulleys to be properly guarded."

In fact, the prosecutions are used only as a last resort to compel obstinate employers, who have been given three or four distinct warnings, to comply with the order of the department. And then, after the prosecution is commenced, and even after the employer has been convicted, if he can show that he has at last complied with the law, the judge suspends sentence.

Such is the equipment and authority of the executive department to which the state entrusts the enforcement of its accident prevention laws. The same description would serve, I believe, for almost any other state. In short, factory inspection for safety has hardly been seriously commenced. Reasonable safety provisions in

the labor law continue to be violated with impunity all over the state, while the records of utterly needless injury and death go on piling up in the labor department.

Well, what can we do about it? First, it seems to me we must get into the minds of the legislators an altogether different conception of what a labor department should be. They must recognize that the administration of labor law is rapidly coming to be the most important function of government. We must give our labor department more dignity, a better equipment, more power.

Compare the salaries of the chief officers of the labor department in New York State with some other departments. Our Commissioner of Labor gets \$5,000. Our forest, fish and game commissioner gets \$6,000. Our superintendent of banks, our superintendent of insurance, and our commissioner of excise, each gets \$7,000. Compare also these items: the labor commissioner, himself on a salary of \$5,000, has \$2,400 to pay his counsel and \$3,000 to pay his chief statistician, while the Public Service Commission of the Second District, composed of five men on \$15,000 salaries, has \$10,000 to pay its counsel, \$6,000 to pay its secretary, and \$5,000 to pay its statistician.

So much for the heads of departments. Judging from the salaries paid, it is clear that the state does not yet recognize the relative importance of its labor department. But further than this and more important, the appropriation for the department does not allow for a sufficient number of intelligent well-trained men to do the actual work of inspection. There are in New York, fifty-two factory inspectors whose salaries range from \$1,000 to \$1,500, the majority at \$1,200. By covering seven establishments a day they usually manage to visit each factory once a year.

It is not remarkable that there is no real enforcement of the safety laws in factories. A yearly visit from an untrained \$1,200 man whose duty of inspection covers child labor, hours of work for women and minors, sanitation, ventilation and lighting, as well as the guarding of machinery, is not going to be very alarming to an employer who does not want to spend the time and money to make his workshop safe. Even if a violation is noted and an order for compliance issued by the labor department, his chance of getting into serious trouble by continuing to violate the law is pretty small, with only two employers fined in 1908, and three in 1909.

To put the labor department in a position to carry out the law's intent and really prevent unnecessary accidents by requiring safeguards wherever practicable, I think we must pay higher salaries at the top, high enough, for instance, to get a first-class counsel and a skilled engineer to devote their whole time to advising the commissioner in their respective fields. Then we must have a somewhat larger force of inspectors, more highly qualified for their task and much better paid, with salaries graded so as to tempt capable men to make factory inspection their life work. Thus, we could create a department with the wisdom and ability to do its work. But how can we give it power?

I should say, first, we must cease to make light of violations of the safety provisions in the labor law by classing them with petty offenses for which a \$20 fine is imposed. If the deliberate refusal to comply with a reasonable order of the labor commissioner, requiring the guarding of a dangerous machine is any kind of a crime, it is one that calls for a heavy penalty. It is difficult to see why a railroad should be fined \$5,000 for refusing to comply with an order of the Public Service Commission, while a factory owner is fined \$20 for refusal to comply with an order of the labor commissioner. The suggestion was made to me the other day that an increase in penalties, far from resulting in fewer convictions, would result in more convictions, and might largely do away with the practice of suspending sentence, for this reason: from the express provision for a petty fine for violations of the safety laws, the judicial mind infers that the law-makers did not consider the violation a serious one, and therefore inclines to indifference and leniency, whereas the duty of imposing a heavy penalty would tend to make the judge give real thought to the case. There seems to me to be wisdom in that suggestion. Indeed, it is worth considering whether we should not provide a penalty heavy enough to take these cases out of the lower courts entirely.

But nothing we can do to the system of fines and penalties will give the labor department power enough to put the safety laws into immediate effectual operation. I should like to see some state try this: First, give the commissioner power to make rules for safety in different trades, rules which shall have the force of statutes. And then give him expressly by statute summary power, in case his orders are not complied with, to call on the police and close up a

factory, prohibit all operation of it, until his orders in regard to safety are carried out, this summary power to be exercised, of course, only after due notice.

This sounds alarming, autocratic, too much like Germany, But would that power in a labor commissioner really be anything to fear? Would he be likely to make unwise use of it? Every employer against whom it was exercised would have his appeal to the courts as to whether the order of the commissioner was a reasonable one. By praying for a temporary injunction to restrain the commissioner from shutting up his shop, the employer could protect himself against grave loss and secure a speedy hearing. There is little doubt but that the court would give him every chance. And with this review in sight, there is not much reason to fear that the commissioner would make arbitrary use of his power.

It is this sort of a summary power we deem it necessary for a health department to have. A health officer can prohibit the occupation of a tenement when its unsanitary condition menaces the health of its tenants. Why cannot the labor commissioner prohibit the operation of a factory when its unsafe condition menaces the lives and limbs of its employees? It seems to me that laws in regard to safety, even more than laws in regard to health, demand this method of enforcement. A summary method is one which stops the danger at once and leaves the employer to commence an action in the courts to vindicate his right, instead of requiring the commissioner of labor to commence an action in the courts to vindicate his authority *while the danger continues*. Clearly the old way safeguards property at the risk of human life. The new way would safeguard life at a very little risk to property.

So far, I have imagined a complete system of accident reports, handled with transcendent intelligence by a superhuman statistician, and published for the enlightenment of a body of eager-minded public-spirited citizens. To this picture I have added that of a high-salaried, well-trained, fully-equipped labor department with power to make safety rules having the force of statutes; I have provided heavy penalties for violation of these rules to be imposed with discretion by judges aroused to the importance of their duty; and I have given the commissioner of labor summary powers to enforce compliance with his orders.

Now we come to the third essential—a new system of liability

known as *workmen's compensation*, which makes every serious accident a considerable cost to an employer and thus insures his invaluable co-operation with the labor department in promoting safety. After all the prevention of accidents in modern industry is too difficult a problem to be solved by statistics and statutes and summary powers; little can be done without the active co-operation of employers. In order to secure that co-operation, let us then quite frankly make the most of the economic incentive, establish a system of liability by which an employer can reduce his accident costs, not by hiring a more unscrupulous attorney and a more hard-hearted claim agent, but only by reducing his accidents.

Let the employer once realize that every accident, insure as he may against it, has its inevitable and definite effect upon the cost of production, and his zeal for preventing accidents will be constant. His superintendents and foremen will be made to see the effect of every accident upon their department cost sheets, and, knowing that their hope of retention or advancement in the service depends upon their efficiency in keeping as low as possible the ratio of cost to production, they will become the most aggressive fighters for accident prevention.

And the workman, while he has now, in the instinct of self-preservation, the strongest possible reason to protect himself against accident, will give far greater attention to the safety of the men about him when he finds out that carelessness brings down upon him the wrath of his foreman. To-day a man is fined or laid off or dismissed for the careless operation of valuable machinery; under workmen's compensation, he would be fined or laid off or dismissed for indifference to the safety of his fellow-workmen.

Thus, when all has been said that can be said for the importance of a wise and efficient and powerful factory inspection department, it must be admitted that the all-important thing in accident prevention is to let the economic necessity of reducing accidents enter effectively into the calculations of the "powers that be"—those who determine how often chains are to be inspected; how soon defective cars are to be retired; what signaling system is to be installed for those working in defenceless positions, whether cranes are to be stopped when repairs are made on the runway; what part of the work is to be done by ignorant foreigners; at what speed work is to be carried on; all those details of operation so intricately connected with

the management of each enterprise that they cannot be reached by law, but must depend upon the will of him who directs the enterprise. And it is to be hoped that our state legislatures will not overlook this: that in granting larger appropriations and new powers to the labor departments, they will not fail to secure the co-operation of employers in accident prevention, by the enactment of workmen's compensation laws.

THE NECESSITY FOR SAFETY DEVICES

BY HON. J. C. DELANEY,
Chief Factory Inspector of Pennsylvania.

The Department of Factory Inspection, over which I have had the honor to preside, for the past eight years, has taken an advance position on the guarding of dangerous machinery, and other appliances equally dangerous. With this end in view, it has sought legislation that would meet the requirement, but has not obtained all that was sought. It has made a careful investigation of many serious accidents, learned their causes, and also delved into the opinions of the courts respecting accidents.

From time to time the views of this department, covering the subject of accidents, have been given to the public. These views cover a wide field, and I shall confine my remarks to a few features in the field of accidents. It has been estimated that more lives are lost and more serious wounds are inflicted each year in the United States, by machinery, than the total of killed and wounded in the battle of Gettysburg. In this estimate, accidents on railroads and steam boats are excluded. I believe the estimate is too low, rather than too high. But whether one or the other, we do know that the casualties from machinery are not creditable to an age so far advanced in philanthropy, the arts and sciences. All these killings and maimings are called accidents. But as an accident is something out of the range of ordinary forethought, the term accident is, I think, often misapplied.

These so-called accidents are the result of three causes, viz.: carelessness on the part of the injured; carelessness on the part of a fellow-employee; and carelessness on the part of the employer. The first two of these causes may be dismissed for the present as coming incidentally within the scope of this subject.

I wish to deal with the owner of the machine, with the person who puts in motion a dangerous mechanism, trusting to the skill and caution of his employee to ward off death or other injury. I find three classes of employers, as well as three main causes for accidents.

First, the employing class that is humane and intelligent.

Second, the class that is humane, but ignorant.

Third, the class that, whether enlightened or not, is wholly indifferent.

The employers in the first of these classes suffer from the weaknesses of the two latter classes, because, in the general clamor against accidents, the public draws no distinction.

In any effort to prevent accidents from machinery, the first class of employers needs little, if any aid or encouragement. Employers of that stamp are ever alert to obtain the newest and best safety appliances, and they know the useful from the useless. The second class of employers would not hesitate to carry out the humane act of installing safety appliances, but are restrained by the fact that they know but very little about the construction of the very machines that are amassing them fortunes. The third class of employers consider their employees as tools of trade, to be left to their own devices, and their own sense of caution. To all such, a dead man, more or less, does not count. A new employee can be had cheaper than a safety appliance.

I have made these distinctions because I wish to be just to all classes, and just to the public as well. And furthermore, it is necessary that such distinctions in classes of employers should be recognized before we can hope to prevent accidents from machinery, or to reduce the number to a minimum.

To prevent an accident is better than to suffer from it in pain or loss of money. But how prevent? In reply to this query, I would suggest that all parts of machinery, including shafting be equipped with oil cups that feed automatically, and that these cups be filled before the engine is started, and at such other time when the machinery is not in motion. Every year I get reports of employees killed, or maimed for life, in the act of oiling overhead shafting in motion. That all exposed cogs, gears and belting should be guarded, is too self-evident. But when cogs and gears are close to the floor, some employers imagine they are not dangerous, ordinarily they are not, but when an employee slips or stumbles upon the floor, the case is otherwise. We have had several shocking accidents from these supposedly harmless cogs and gears. That saws, planers, jointers and shapers can and should be guarded, requires no argument. As a rule, all such dangerous appliances

are guarded but, unfortunately, the guards are so adjusted as to be very inconvenient or annoying to the employee, hence he removes them to his own damage. There should be devices that shall be permanent, whilst at the same time not inconvenient for the operator. It too often happens that employees are caught in machinery or shafting and killed or mangled when, if a ready means had been at hand to stop the machinery, the injury would have been slight. To prevent such accidents, it is only necessary to place an engine check-stop near each machine or at least one in each room. By this means the motive power can be instantly shut off, no matter how far the engine-room may be from the place of the accident. These check-stops, where used have given most satisfactory results.

There should be legislation that will prevent the manufacture or the installation of machinery, and its appliances, that is not equipped with the most modern and best of safety guards. Such legislation is within the police power of the law-makers, and could not be set aside as unconstitutional. It would work a peaceful revolution in the right direction by training employees to the use of guarded machinery. It would greatly lessen the number of accidents, and would save employers from countless suits for damages. As a furtherance to this, the commonwealth should have machinery exhibits at his own expense, exhibits at which all employers could witness the perfection of human skill in the manufacture and application of safety devices.

It may not be amiss to speak of a hope that has lived with me for many years, a hope that if realized will be the means of saving many human lives and millions of dollars worth of property. I have, in mind, the many accidents on railroads, caused by "head end" collisions, "side swipings" of trains while running in opposite or parallel directions. How to prevent such accidents is not the hope I wish to express, but how to prevent the loss of life and property after such collisions. A few years ago a horrible accident occurred within a few miles of our capital city. A passenger train was "side swiped" by a loaded freight train causing the loss of several precious lives and the destruction of hundreds of thousands of dollars worth of property. I was one of the first to arrive on the awful scene, a scene which will ever live in my memory. The hundreds who, like myself, were drawn to that awful holocaust were powerless to succor the unfortunate beings who were pinned under

the mass of wreckage, and who were being roasted to death by the fire raging around them. At that moment I realized that a means for the saving of both life and property, and a very simple one at that, was at hand, provided railroad companies could be made to provide the same, namely, the equipping of every passenger car, every locomotive, and every caboose with a supply of fire extinguishers. I at once conveyed my thought to prominent railroad officials, all of whom thought the suggestion a splendid one and gave me assurance that it would receive prompt attention. After waiting a year, and seeing no result, I conveyed my thoughts to the highest national authorities and they, like my railroad friends, applauded and highly commended the suggestion, but I regret to say no steps have yet been taken to supply the simple preventive. I therefore make an appeal, through this organization, that the good men and women of this nation take up this humane suggestion and secure the simple and inexpensive device I have begged for, but have not received.

GOVERNMENT MEASURES TO INCREASE MINE SAFETY

By J. A. HOLMES,

Director of United States Bureau of Mines.

What I want to do at this late hour is to call your attention to one or two things in connection with the work the government officials are doing to bring about greater safety in the mines. In the first place, they conduct investigations in an endeavor to discover the causes of mine accidents, and thereafter to suggest remedies or preventive measures. We are prevented ourselves by law from having anything to do with the inspection of mines or industrial plants in this country. We are forbidden by legislative enactment to talk much about it. State mine inspectors exist, to whom belong the prerogative and we are glad to surrender it to them. In connection with the disaster which occurred at Scranton, Pa., yesterday, I shall, as a matter of interest, illustrate what we endeavor to do. We all recognize that the prevention of mine disasters is more important than the rescue of the injured, and yet the rescue work is also essential.

There are two modern methods which we have endeavored to develop in connection with this rescue work. In mine disasters, whether caused by fire or by explosion, the mines rapidly fill with poisonous and explosive gas. In order to rescue men, it is necessary for others to enter the mine at once. They cannot do so, breathing the ordinary atmosphere; because it does not exist there. Our men must carry their own atmosphere with them, and we have endeavored to provide such equipment for them. Now, as the miner enters the mine he wears a helmet, and he carries with him his oxygen, contained in an iron bottle behind him, an oxygen supply lasting two hours, also a quantity of caustic potash, which will last for two hours, and these are the only two things which he needs to carry on the work. The oxygen, which is under great pressure, has the pressure relieved, passes through a tube, enters through the tube attached underneath the helmet and goes direct to the man's breathing outfit. When he breathes out, the air is impure, as it

contains carbon dioxide and moisture. This air goes down and passes in the rear and then goes up through the potash, and the effect is to take out of this impure air the carbonic acid gas and the surplus moisture, and the remaining oxygen, together with the nitrogen, continues to circulate through the system. The helmet wearer never breathes pure oxygen, but continues to breathe over again the original supply of nitrogen, and that lasts two hours.

A sad accident occurred to one of our rescuers, which we do not understand, but was probably due to leaking on the side of the helmet, which allowed the poisonous gases to enter. The helmet is lined on the inside with wire and rubber cushions, and this is designed to fit the irregularities of the face, and prevent the poisonous air from forcing its way through. It is quite possible in the excitement that the man forgot to tighten the helmet sufficiently. He was a man not long in training, but conscious of his duty, and his only hope of reward was a letter from the Government to his family.

Each member of a rescue party carries with him a safety lamp, which will detect the poisonous gases, a lamp which will not explode and which goes out when the gases become so rich as to make it impossible to burn without the ordinary supply of oxygen. He carries with him also a lamp which will answer the purpose whatever the nature of the gases. With these two lamps, and helmet equipment which he carries on his back he can carry any other implements needed in connection with rescue work.

He goes into the mine, and suppose he finds a man. The purpose then is to rescue the man. The only possibility of rescuing the man is to get oxygen into his lungs, and the poisonous gases out, and for that we have a rather remarkable machine an oxygen reviving apparatus which we regard as important as the helmet. The rescuer releases the pressure of the oxygen in this apparatus and turns the oxygen into the lungs of the miner. When the lungs have been filled and the machine is reversed, which is usually done automatically, it pumps the air out of the lungs and later pumps oxygen in, and so that machine, which moves as rapidly as thought, fills and empties, and does so in just about the right regularity in bringing about the breathing of the body. We have revived men so thoroughly overcome with poisonous gases, that they had no pulse or breathing, when the body is so warm as to make reviving possible.

With these two simple propositions the work so far goes on.

We have six crews of trained miners constantly going from one camp to another to train miners, and to encourage miners to carry on the work themselves. In the past two years, since this work was begun, more than 600 rescue outfits have been supplied to the proprietors of the mines; and I want to say that we find the mine owner in sympathy with this work, and that he does everything he finds possible to do as a mine owner. This is encouraging for the future. For three years preceding this, the death rate increased 33 per cent; during the three years following it has decreased 30 per cent. If we can keep up that decrease a few years we will have the United States as creditable in this respect as in the great industrial development of the country.

PART THREE

*Legal and Constitutional Questions
Involved in Employers' Liability
and Workmen's Compensation*

LAW AND SOCIAL PROGRESS.¹

BY SAMUEL McCUNE LINDSAY, PH.D., LL.D.

Professor of Social Legislation, Columbia University, New York City.

The great defect in our liability law is that it does not do the work for which it was intended. Indeed there are few topics on which a more unanimous public opinion exists than that there are defects in the present law of employers' liability. Judging the present employers' liability laws in the United States by their results in action, we could very much better describe them as "employers' immunity laws."

The question, fundamentally, that we have to deal with is one of fixing responsibility for proper social, industrial and working conditions. It is a difficult matter to define responsibility, whether the responsibility of the employer or of the employee, in so complicated a relationship as that which exists between employers and employees. The old English common law fixed that responsibility very definitely, very simply and very directly, and it worked well at the time that the common law liability rule was formulated. I suppose to-day there is no department of legislation and no field of legal activity in which we see the relationship between existing social conditions and abstract rules at such great disadvantage as we do in the present condition of those rules and those laws which, taken collectively, make up what we call our employers' liability law.

At times we may be tempted to look upon the law as an abstract rule of justice—lawyers usually, and many judges constantly, do that,—and there is a certain body of law which can be so interpreted, but that is not the body of law with which we are to deal at this meeting. We are to consider a body of law which tries to fix responsibility, defining the duties and rights of parties in a relationship—namely, that of employer and employee—which must be adjusted to current economic changes and conditions, and that is precisely what our present law does not do, and all students of the

¹Opening address as presiding officer, third session of the annual meeting of the Academy, April 8, 1911.

subject are in substantial agreement that it does not. When the Court of Appeals in New York handed down its opinion, a few days ago, in respect to the attempt of the Legislature of New York to formulate a new rule of action, the Court expressed itself as in full sympathy with the effort to revise and remodel our employers' liability law. It decided, it is true, in a very narrow spirit, and by what to my mind was entirely an unnecessary legal argument, and one which I believe other equally distinguished judges are not likely to follow, that the economic conditions and social philosophy of our own day have nothing to do with the constitutional guarantees of property under which employers and employees may contract to carry on their work in the state of New York. It is precisely the reverse of that proposition upon which the old common law rule of employers' liability was built up. The English courts formulated the law of liability upon a consideration of the economic conditions and social changes of their time, and it is very unfortunate indeed, if we must take the view of the New York Court of Appeals, that we must consider our conditions static and fixed for all time by the constitutional guarantees interpreted absolutely as abstract principles until they are formulated anew through constitutional amendment every time they come in conflict with the consensus of public opinion. However, the decision of the Court of Appeals for the State of New York is now the law for that state, and should the Supreme Court of the United States render a similar decision, that would be the law for the United States.

Such decisions place the responsibility back upon the people to formulate in ways that are open to them, the rules of law that they wish to enact, and wish to see enforced by the courts. In other words, it is not a hopeless situation. The courts are amenable to law and the people make the law, and it is precisely for that reason that, at a meeting like this, the Annual Meeting of the Academy, we are fulfilling a useful function and a timely one in devoting all of the sessions, practically, to a single topic, and facing squarely and in the spirit of free scientific discussion the great question of how our economic and social conditions may be better embodied in our law, and make our law accomplish the ends of justice under the economic and social conditions of our own day.

THE CONSTITUTIONAL PROBLEM OF WORKMEN'S COMPENSATION

BY WILLIAM DRAPER LEWIS, PH.D.,

Dean of the Law School, University of Pennsylvania, Philadelphia.

The Court of Appeals in New York has just rendered a decision declaring unconstitutional the Workmen's Compensation Act in that state, the ground of the decision being that the act deprives employers of their property without due process of law. The action of the highest court of the first state in the Union shows the serious nature of the constitutional problem involved in any attempt to meet present conditions by a compensation act, or in other words, by an act which throws in whole or in part on the owners of the business the financial loss resulting from all accidents to employees occurring in the course of the business and incident thereto.

The constitutional limitation that a person cannot be deprived of his life, liberty or property without due process of law, is not only in the Federal Constitution as a limitation on federal and state action, but in one form or another is found in practically all our state constitutions. On the other hand, the decision of one court on a particular act, even though, as in this case, the language of the court is sweeping enough to condemn all similar legislation, is very far from being conclusive of the question of constitutionality. If a decision on a new and important question of constitutional law is fundamentally sound, it lasts; if unsound, while it may not be formally overruled, it comes in time to be practically disregarded. Indeed, if this were not true, our written constitutions would rapidly become intolerable fetters upon the expression of the reasonable desires of the people. The famous decision of the New York Court of Appeals in 1885, that an act which prohibited the manufacture of tobacco in tenement houses was unconstitutional, because it had no relation to the promotion of public health, and, therefore, arbitrarily deprived the owners of such houses of a reasonable use of their property, would probably not now be followed by any court, except possibly the court which decided it, because to-day courts would recognize that the legislature of New

York was right and the Court of Appeals wrong, not on a matter of law, but on a matter of fact,—the use of tenement houses for the manufacture of tobacco being, as a matter of fact, peculiarly deleterious to health. (The matter of *Jacobs*, 98 New York, 98.) In the *Bake-Shop Case*—a decision of the Supreme Court of the United States (*Lochner vs. New York*, 198 U. S. 45),—an act of the State of New York limiting the hours of the laborers in bakeries to sixty per week was declared unconstitutional as arbitrarily depriving the workmen of their right to contract. This case was supposed to threaten all legislation designed to limit the hours of labor, except peculiarly exhausting employments. But to-day, since the decision of the same court in the *Oregon case* (*Muller vs. Oregon*, 208 U. S. 412), the *Bake-Shop Case* is believed to stand merely for the proposition that legislation limiting the hours of labor must be shown to be reasonably designed to protect the health of the laborer.

There are grounds for believing that the constitutional prohibition against depriving persons of life, liberty or property without due process of law, as originally used in the fifth amendment of the Federal Constitution, limited merely arbitrary executive action, and perhaps legislation establishing arbitrary modes of legal procedure; but as used in the fourteenth amendment and in the state constitutions as a prohibition on state legislation it has been definitely decided to extend far beyond this, and to limit arbitrary legislation of any kind, whether affecting procedure or substantive right. In short, as a result of this provision in our constitutions, the system of law under which we live is practically this: The legislature has a wide discretion to change the law and enact new law; but the sphere of this discretion has limits; legislation that affects private rights and which shocks existing conceptions of what is fundamentally fair and right is not within the power of a legislature to enact; such legislation deprives persons of their liberty and property without due process of law, and the courts are, when a case is presented to them, the sole and only judges of what is or is not contrary to "fundamental conceptions of fairness and right." This system is peculiar to the United States. There is much to be said for and much to be said against it. I do not wish to discuss that broad question. For us, it is only presently important to recognize clearly that as a result of the system the task of the lawyer called

upon to defend any novel legislation is to convince the court that the legislature has not so far exceeded an admittedly wide discretion, as to produce an arbitrary interference with current fundamental conceptions of right. It follows, therefore, that the task of supporting such a sweeping innovation of the law as a workmen's compensation act becomes impossible, unless the lawyers in charge of the defense of the legislation can show that the act is consistent throughout with a theory which is not, as a theory, necessarily revolting to men accustomed to mix, as our judges are to some extent, with all classes, but more especially with the educated well-to-do.

The result of the recent litigation in New York shows the difficulty of supporting a workmen's compensation act unless those especially interested have, in their own minds, carefully worked out a theory justifying the legislation. The principal innovation in the law created by any such act is that it imposes liability on the employer where he is without fault, and where he exercises every possible degree of care. When such legislation is proposed or defended, those who advocate it must be prepared to answer the objection, that the legislation is merely a scheme for arbitrarily transferring money from the pockets of the most convenient rich man—the employer—to the pockets of the injured employee; and that it is therefore grossly arbitrary, unfair and unconstitutional. It was, I think, most unfortunate that the New York act was limited to workmen engaged in dangerous employments, because this limitation suggested a reply to the objection just stated that is wholly inadequate. It was argued that the act was merely an ordinary exercise of the police power over dangerous occupations; the argument being, that if an occupation was dangerous, under the police power it could be stopped entirely, and therefore, any regulation, however arbitrary, was within the power of the legislation to enact. The premise on which this argument is based is more than doubtful. For instance, the act was made to apply to work on scaffolds more than twenty feet from the ground; yet an act which prohibited the erection of such scaffolds would without doubt be held to be unconstitutional as an arbitrary limitation on the use of property. Again, if the act was designed to lessen accidents or improve the conditions under which dangerous work could be carried on, why was the employer made liable for all accidents occurring in the

course of the business, whether due to its dangerous character or not? Lastly, if the dangerous character of the employment and the reduction of accident is the justification for the legislation, what is the justification for making the employer liable when he is doing everything anyone could do to make the conditions safe, and the workman himself is negligent?

The report of the Wainwright Commission which drafted the New York act, while containing much valuable information, and an excellent indictment of the present system, cannot be said to contain a complete justification for the particular remedy embodied in the act. After reciting the evils of the present system, the commission in its report to the legislature, states that the evils of the present system can be "best avoided by compelling the employer to share the accident burden in intrinsically dangerous trades, since by fixing the price of his product, the shock of the accident may be borne by the community." By the community is here evidently meant the consumers of the product. But, while the ability of the owners of the business to transfer the share of the burden of industrial accidents placed upon them on the consumer is indicated, there is no explanation of why the burden should be ultimately borne by the consumer of a product, and therefore no adequate reason for selecting the employer, even though he is the only medium for distributing the shock.

Is there then any adequate answer to the objection that the New York act and all similar legislation are grossly arbitrary and therefore unconstitutional?

In order to answer this question it is first necessary to understand exactly what a workmen's compensation act does. It provides that one of the costs of the business, the loss resulting from injury to employees, should hereafter, to a certain extent, be borne by the owner and controller of the business. The law is not a police regulation of dangerous occupations. It is a law regulating business association contracts between employer and employee. A law which merely said that anyone who employed another in his business, should, unless he stipulated to the contrary, be presumed to have contracted to pay that other for all injuries resulting from the operation of the business, would be constitutional; but the ability to "contract out" would make it largely useless. The real question then in a workmen's compensation act is this: What is the justi-

fication' for saying to an employer and employee, if you contract you must contract on the basis of the employer being liable in whole or in part (as the act may designate), for injuries occurring to the employee in the prosecution of the business? Any act, dealing with a class of transactions which merely changes the presumptions of fact in regard to obligations assumed, where the obligation is not touched on by express contract, is constitutional; but any act which goes further and interferes with the complete freedom of contract must have a reasonable theory to justify the interference, or the courts will say, and rightly, that it interferes with the fundamental right to freedom of contract of the persons affected. The problem of finding this reason is not a legal problem but an economic one. The judges are not economists. It is not for them to invent economic reasons to justify legislation.

The economic justification of a workmen's compensation act will be found on investigation to be the same as the economic justification for laws against monopoly. Laws against monopoly interfere with the freedom of contract, where that freedom is exercised to produce monopoly; yet their constitutionality has always been sustained. We have come to recognize that the monopoly by one set of men of any product or service is a bad thing for the community. When a monopoly exists, the producers, that is the persons who have the monopoly, have the practical power to exact from the consumers more than a reasonable cost of production and a fair return on the investment. *The holder of a monopoly is able to get part of the product of the labor of somebody else for nothing.* The reason why laws against monopoly, though they invariably interfere with the freedom of contract, have never been declared unconstitutional, is the general recognition of the fundamental economic law, that it is disastrous to the state to have the consumers of a particular product pay more than the cost of production and a fair profit, and that contracts tending to produce this result can be prohibited.

In this justification for statutes interfering with the freedom of the contract where the contract produces monopoly, we have, I believe, as stated, the justification for a workmen's compensation act. The accidents which occur from time to time to the machinery used in business, have long been regarded as one of the elements which enter into the cost of production. We have only recently awak-

ened to the fact that another cost of production, is the loss of earning power entailed by accidents to persons engaged in the business, due to the operation of the business. This cost at present is borne largely by the workmen. It is not a part of the employer's cost, except in the case of his negligence. It is, therefore, not part of the cost of production, which is transferred in the price of the finished article to the consumer. The injustice of the present system is not that the employer does not pay for the result of injuries to his workmen. Competition among employers cuts down the employer's profit to a business return on his investment. The injustice lies in the fact that the consumer of the finished product, or the user of the service which the business supplies, is not paying for all the elements which make up the cost of that which he is getting. The consumer is here in a position analogous to the position of the monopolist. He is reaping an unfair advantage. He is getting some part of the product of another's labor without paying the full cost. If it is sound that the consumer of any article should not bear more than the cost of production and a profit, it is equally sound that to have the consumer pay only a part of the cost of the finished product, the rest of the cost being borne by one or all of the classes who have joined in its production, is an equally bad condition. Whether we should throw the burden of an accident in a particular business on the business in which it occurs, or distribute the burden by an insurance system supported by all those engaged in a similar business, is a matter of detail, provided we recognize the fact that any industrial system which does not, in effect, throw every element of cost on the consumer of the finished product, is a system that is as radically defective as one which, in effect, by permitting monopoly of production to exist, throws on the consumer more than the cost of production. Monopoly raises a class above its deserts, taking a little from each of the many to support the few. Our present system of dealing with industrial accidents is a system by which the many take from the dependent classes more than they give in return. Monopoly inflates those already economically strong; our present industrial accident law and its administration depresses those already economically weak. The fundamental vice is the same in both—an unfair price paid by the consumer; unfair because too high, or unfair because too low.

Having thus justified, from an economic point of view, placing

the burden of industrial accidents on the consumer, it merely remains to refer again to the obvious fact pointed out by the Wainwright Commission in its report, that the owner and controller of the business is the only medium through which the burden of the cost of these accidents can be placed on the consumer. The owner of the business owns the completed product and all elements of cost to him he may transfer to the consumer in the price of the product.

The justification for saying to an employer and employee, if you contract you must contract on the basis of the employers assuming the burden of industrial accident, is thus seen to be, as stated, economically the same as the justification of legislation which prohibits a contract creating a monopoly. There is, however, this difference between a contract of an employer and employee, in which the employer does not assume the financial burden of accidents incident to the operation of his business, and a contract creating a monopoly. The latter contract creates a condition which renders the oppressed parties, the consumers, helpless. They must have the article, and to have it they must pay an exorbitant price. The oppressed party, where the contract is between the employer and employee, is the employee—one of the parties to the contract. To uphold the constitutionality of any legislation which prohibits the employer making a certain contract with his employee, on the ground that the result of the contract is an unfair oppression of the employee from an economic point of view, it must not only be shown that economically the contract is unfair, but it should also be shown that the employees are so dependent that they are not in a position to refuse to enter into the contract. That a contract is unfair to one party from an economic and social standpoint, is probably not sufficient to enable the legislature to interfere; where the unfairness is to one of the parties to the contract and not to third persons. As indicated, in such a case it must also be shown that the parties on whom it bears unfairly, are in a position where they practically have to accept the unfair contract. As an illustration: The payments of miners' wages in store orders is regarded by many persons as a condition tending to depress the miner and therefore economically unfair to him. A law prohibiting such a contract was, in 1886, declared unconstitutional by the Supreme Court of Pennsylvania, as an undue interference with the freedom of contract (Godcharles

vs. Wigeman, 113 Pa. 431); the laborer being regarded by the court as able to take care of himself. An opposite conclusion was reached by the Supreme Court of the United States in the case of the *Knoxville Iron Company vs. Harbison* (183 U. S. 13), a case decided in 1901. Though the language of the two courts indicates, apparently, a wide divergence in attitude towards such legislation, fundamentally the difference would appear to be in the apprehension of what were the true facts, rather than a difference in the principle; the Supreme Court realized what the court of Pennsylvania as then constituted failed to realize, that the laborers were not economically strong enough to insist on payment in money. If, therefore, workmen engaged in manual labor are not, as a matter of fact, usually strong enough—and I think this can be shown—to refuse work unless the employer assumes the risk of accidents in the business, and it is fundamentally fair for the reasons given that the employer should assume this risk, then a workmen's compensation act with a clause against contracting out, applicable to the more dependent classes of workmen, that is to those engaged in manual pursuits, is constitutional. It is constitutional, even though it interferes with the freedom of contract for the same fundamental reason that laws prohibiting monopolies are constitutional, though they also interfere with the same freedom.

In this paper I have tried to show that the constitutional problem in a workmen's compensation act is the problem of showing that such an act is not fundamentally unfair to the employer, according to current conceptions of fundamental right, and that, therefore, the first thing to do is to find out whether there is a correct economic basis for the legislation. If this basis cannot be found, then the legislation will be, and should be, declared unconstitutional. I have also tried to point out what I believe to be the economic reason which justifies such legislation. But in spite of confidence in the correctness of the economic position taken, I would not be fair to myself if I left you with the impression that the proof of the reasonableness of the legislation from an economic point of view removed all difficulty. It usually does in such cases where the court is convinced of the facts on which the economic argument is based, and on the soundness of the argument. But in the path of a workmen's compensation act, where liability is imposed on the owner of the particular business in which the

accident occurred, another objection is to be met and overcome. There is more or less prevalent among the members of the legal profession, and therefore, of course among our judges, an idea that the common law never imposes liability without fault; and that consequently, any legislation which imposes liability where there is no fault, is arbitrary, unfair, and therefore unconstitutional. The decision of the Court of Appeals of New York was as a whole based on this thesis. Of course, the conclusion does not, of necessity, follow the premise. But it is not unnatural that the conclusion should follow in the mind of one who believes in the premise, and is imbued with a just admiration of the principles of the common law. Personally, with respect to those who have an opposite opinion, I do not believe that merely because a principle has not been recognized by the common law, it is necessarily to be regarded as opposed to fundamental ideas of right. And furthermore, I believe it can be shown that the law as developed by our courts without the aid of statutory enactments has recognized the principle that liability may be imposed without fault. These, however, are large legal questions worthy of separate treatment.

PRESENT STATUS OF WORKMEN'S COMPENSATION LAWS

BY WALTER GEORGE SMITH,
President, Conference of Commissioners on Uniform State Laws,
Philadelphia.

In a recent address before the Pennsylvania Council of the National Civic Federation, John Mitchell summarized in a striking manner the statistics of death and injury to workmen in industrial employments in the United States. He said:

"It is safe to say that the greatest calamity that can befall the family of the wage-earner is to have the father and bread-winner carried lifeless into his home, and the shock of this calamity comes with added force when the death is due to an industrial accident. And yet we are informed on the very best of authority that this tragedy is enacted in the United States more than 100 times each day, more than 35,000 times each year."

And he adds:

"It is not at all to the credit of our country that so many of our wage-earners suffer death and injury in the peaceful conduct of our industries, when in other countries we find that the number and proportion of the killed and injured is almost three times less than in our own. William Hurd, the well-known writer, makes the statement that 536,165 working men are killed or injured every year in American industries, and Dr. Hoffman, statistician of the Prudential Life Insurance Company, has estimated the annual number of industrial accidents at approximately 2,000,000. Of these 35,000 were killed and the others were injured. In the Pennsylvania coal mines alone 1,073 men were killed last year and 2,160 were seriously injured."

For years the American people have borne this evil, if not with equanimity, at least with patience, in the belief that it was a necessary incident in modern progress, and the lives that were taken and the injuries that were inflicted were inseparable from the conditions of modern life. Meantime, however, European peoples have been studying the subject, and as early as 1883 the

German Empire solved for itself the problem of insuring workmen against industrial accidents and had provided also for disability arising from sickness, old age and invalidity. An accident law was passed July 6th, 1884, including generally the industries utilizing mechanical power. Agriculture and forestry were added later, and still later building operations and marine transportation, in 1887. Invalidity and old age insurance laws were enacted in 1889.

The characteristic feature of the German system is compulsory mutual insurance, an insurance carried by mutual associations of employers in the same or allied industries and without contributions by the employees.

"Each employer contributes to the cost according to the size of his establishment, that is, the amount of his pay roll and the risk in his particular branch of the industry. In some cases individual establishments where many accidents occur are charged an extra premium."¹

It would be very interesting to trace in detail the origin and development of the German system, but this has been well done in other papers, and it is only necessary for the present purpose to refer to it as showing how an effective system can be devised and put into practice where constitutional difficulties do not interfere.

"Surveying the political setting of the German insurance system," says Carman F. Randolph, "we find what at the moment is perhaps the fairest field in the world for the working out of a vast and complicated scheme for relieving misfortunes by a plan, neither so niggardly as to be delusive, nor so bountiful as to be demoralizing. Here is a people enjoying in a large measure the steady influence of tradition and custom, yet alive with a youthful enterprise which has brought a sudden and a great prosperity.

"In short, the German insurance system flourishes in a peculiarly fit environment—a well-disciplined, or, as we should say, an overgoverned community."²

In England every employer must provide compensation for injury to his workmen for any accident arising out of or in course of the employment, unless the accident was due to serious or wilful

¹Report of Massachusetts Commission.

²Brief on the Legal Aspects of Systematic Compensation for Industrial Accidents, Carman F. Randolph, New York, 1911.

misconduct of the workmen, and even then in the case of death the employer must pay. Compensation is also provided when death or disability results from certain industrial diseases. This has been the law since July 1, 1907. The burden is borne directly by the individual employer, as no method of insurance is provided for or required by law.

In Norway employers in certain lines of industry are compelled to provide accident insurance for their employees. Insurance must be taken from a central insurance office of the state, the expenses of which are met by general taxes, and premiums are charged in accordance with the risk in each line of industry.

The Massachusetts Commission reports:

That nearly thirty countries and self-governing colonies have largely done away with the old laws of liability based upon the fault or negligence of the employer, which were not essentially different from those now in operation throughout the United States. Under one form or another these countries have adopted new methods providing for the victims of industrial accidents by means of fixed scales of compensation largely irrespective of negligence. These new laws are not intended to be punitive in any sense, but are founded on the principle that the whole community for which production is carried on should bear the burden of all the costs of production; in other words, that the cost of an industry in life and limb should first be met by the employer or by some system of insurance, and then charged against society as consumers of the product, in the same way as the depreciation of machinery and other costs of production are provided for. No two countries have precisely the same method of distributing this burden or of providing for the victims; but all the different plans are modifications or combinations of three distinct systems, which are typified by the compensation act of Great Britain, the compulsory mutual insurance system of Germany and the compulsory state insurance of Norway.³

It would seem, therefore, that almost all civilized countries have, to some extent at least, made provision whereby the community bears a part of the industrial loss resulting from the casualties among workmen in the scope of their employment. This has been by applying the principle of insurance or mutuality so as "to reduce the individual catastrophes that destroy into a dust cloud of accidents that distributes itself."⁴

The sentiment in favor of providing for workmen's compensation and kindred legislation has been traced by Professor Dacey

³Report of Massachusetts Commission.

⁴Frederic Passy, quoted by Randolph, p. 31.

to that principle of collectivism which, following the era of Benthamism, owes to it a maxim that has been one of its strongest aids, namely, the idea of "the greatest good to the greatest number."⁵ Thus he says:

"A line of acts begun under the influence of Benthamite ideas has often, under an almost unconscious change in legislative opinion, at last taken a turn in the direction of socialism. A salient example of this phenomenon is exhibited by the effort lasting over many years to amend the law with regard to an employer's liability for damage done to his workmen in the course of their employment. Up to 1896, reformers, acting under the inspiration of Benthamite ideas, directed their efforts wholly towards giving workmen the same right to compensation by their employer for damage inflicted through the negligence of one of his workmen as is possessed by a stranger. This endeavor was never completely successful; but in 1897 it led up to and ended in the thoroughly collectivist legislation embodied in the Employers' Liability Acts, 1897 to 1900, which (to put the matter broadly) makes an employer the insurer of his workmen against any damage incurred in the course of their employment."⁶

It has been a subject of reproach on the part of some impulsive leaders of public thought that the United States has been so slow in showing in its legislation the effect of this collectivist sentiment, but the explanation is not difficult. In all European countries constitutional restrictions are far slighter than in our own. In England, there being no written constitution, the power of Parliament to legislate in any given direction as the pressure of public sentiment is brought to bear upon it, is practically without limit. In Germany and in Norway, to take the typical examples of European systems already referred to, conditions social and political are vastly different from those in the United States.

Although each of the states is a separate entity and has the power within certain limits to pass workmen's compensation laws, the limits are narrow by reason of the written constitutions, and if their limitations are heeded and legislation is perfected that will be sustained by the courts, there will remain the business question whether the industries of the state will be so burdened as to

⁵Law and Opinion in England, p. 309.

⁶Law and Opinion in England, p. 69.

make them unable to bear the competition of the industries of other states where less onerous laws are enforced. Here as in so many other instances our form of federal government presents difficulties for the law and social reformer for which he can find no precedent elsewhere. Yet, of course, political constitutions are made for men, not men for constitutions, and if the changing conditions of modern civilization make it necessary they will be interpreted or amended so as to meet those conditions.

Both the humanitarian sentiment which, whatever else may be said to the discredit of our generation, is one of its crowning glories, and the demands of business expedience require that some way should be devised whereby, applying the principle of insurance, the heavy loss from industrial accidents may be, to use the fine expression of the French philosopher, "scattered into dust clouds."

The present system, under which employers are liable under certain conditions for accidents to workmen, have led them to insure their risks, and there are many employers' liability companies in the United States. Mr. Mitchell, in the address from which quotation has been heretofore made, states that during the eleven years from 1894 to 1905, these companies were paid \$99,595,076 in premiums, and that forty-three per cent, or \$43,599,498 of this amount was paid in settlement of the claims of injured workmen. How much of this vast payment after the deduction of counsel fees and court costs finally came into the hands of the workmen is only a matter of estimate, but it would appear that less than one-third, or \$30,000,000 out of \$100,000,000 in round numbers was finally received by the workmen. Obviously, there is an enormous waste and it should be saved if it be possible to save it.

The temper of many thinkers towards the limitations imposed by the existing common law rules relating to industrial accidents is well expressed by the Supreme Court of Kansas:

The common law doctrine of reasonable care, assumption of risks, contributory negligence, and co-service took their rise at a time when shoes were made at the bench, the weaver had an apprentice or two, and the blacksmith a helper. Steam and electricity have revolutionized manufacturing conditions so marvelously that no vestige of former conditions remains. But while the factory worker's environment has completely changed, his common law rights and remedies have remained unchanged. It has been well understood for a long time that there is no justice or economic excuse for this state of affairs. The liberty of capital to conduct its business in its own

way does not include the right to inflict cruelties which have invariably characterized industrial progress. The liberty of the wage earner to contract for extra pay for extra hazard and to seek some other employment if he does not like his master's methods is a myth, or as has been said, "a heartless mockery." (*Kilpatrick vs. Grand Trunk R. R. Co.*, 74 Vt. 288 xxx.) The man and the machine at which he works should be recognized as substantially one piece of mechanism, and mishaps to either ought to be repaired, and charged to the cost of maintenance.⁷

Various acts have been passed by the legislatures of different states modifying the severity of the common law rule that no damages were payable when the accident was caused by the fault of the injured workman or of a fellow servant, or from the unavoidable risks of the employment.

"The practical effect of these laws," says Mr. P. T. Sherman, "has been to increase the uncertainty as to liability, litigation and the expense to employers but to waste in litigation the money paid by the employers without any material increase in the relief to the injured and to leave that relief just as slow and uncertain as before. In theory these laws are wrong, because they make the employer liable in damages for a wrong where he has been guilty of no wrong, and thereby they serve to stir up a sense of mutual wrong between employers and employees."⁸

Various efforts are being made to meet the admitted evils of the common law on the subject of employers' liability and its effect upon workmen in all departments of labor, and to discover the proper rules to adopt in reaching a just standard of compensation for accident and death within constitutional limitations. Plans are now under consideration in many states and statutes have been passed by Congress and by some of the states. The first federal legislation on the subject of employers' liability was restricted to common carriers engaged in interstate commerce, and recently two liability bills, one restricted to the Isthmian Canal and one applying to all laborers of the United States Government were introduced by the Congress. The decision of the Supreme Court of Connecticut that the Federal Liability Law of April 22, 1908, is unconstitutional, because it involves the administration of the law in state courts and affects matters beyond the scope of interstate

⁷*Caspar vs. Lewin*, 109 Pac. Rep. 657, U. S. Bulletin of Labor (1910) p. 846.

⁸Address before National Civic Federation, January 13th, 1911.

commerce, is now pending on appeal in the Supreme Court of the United States. Other constitutional objections have been raised in other jurisdictions and are also pending on appeal.

In Montana a law is in operation providing a co-operative insurance fund for miners and mine laborers, payments to be made by the employers, computed on the basis of tonnage mined and shipped, held for shipment or sold locally, and by the employees on the basis of gross monthly earnings. Insurance is compulsory, the funds being administered by state officers. Death benefits are limited to \$3,000; the right to sue is not taken away, but bringing suit forfeits all rights under the insurance, and on the other hand acceptance of insurance benefits is a waiver of the right to sue.⁹

While statutes providing for compensation have been enacted in the Philippine Islands and by Congress for certain special employments, the subject may be considered as practically an open one in the United States, and has been or is being considered by commissions under an act of Congress, as well as by state commissions in Massachusetts, New York, Illinois, Connecticut, Wisconsin, New Jersey, Ohio, Minnesota, Montana, West Virginia and Washington. In only one state (New York) has a comprehensive statute on the subject been enacted. This has just been decided to be unconstitutional by the Court of Appeals.

There is a general unanimity of opinion as to the object to be attained but a great divergence of views as to the best method of attaining them. In the report to the House of Representatives of the bill for the appointment of a commission a summary of the reasons for changing the existing system is given as follows:

One of the most pressing problems of interstate commerce that to-day demands the attention of Congress is that of wisely and equitably adjusting the loss to workmen of life and earning power which is the certain and inevitable consequence of modern methods of transportation.

The existing system, based upon the common law, circumscribed by the rigorous limitations placed upon it by judicial decisions, is entirely inadequate and had its origin in conditions of employment and methods of operation long since outgrown and abandoned.

The basis of that system, briefly stated, is to place a legal liability upon the employer to the workman for the loss of life or for disabling injury wholly upon the ground of negligence of the employer, and to put upon the person injured the burden of establishing that negligence by competent legal proof.

⁹See article by L. D. Clark, *Bulletin of Bureau of Labor*, Washington, 1910.

Judicial decision has specially limited the common law of negligence when it is applied to employees by the fellow servant doctrine and the assumed risk doctrine. Under these doctrines accidents caused by fellow servants, though necessarily numerous under modern conditions, are uncompensated; and accidents caused by dangers inherent in the occupation itself are likewise uncompensated, although such dangers steadily increase as the industry develops.

The general principle of liability is seriously and sometimes fatally restricted by the superadded limitation of contributory negligence.

Finally, as the burden of legal proof rests on the injured, even where the decisions entitle him to a "right of recovery," he is unable to "secure his proofs," and so frequently redress is lost.

Employees to-day bear both the physical and financial loss in a large percentage of accidents, with disastrous effect upon their families. Employers, though endeavoring to conduct their business with care, are harassed by a constant succession of suits for negligence, being subjected to great waste of energy and money in defending them, and being mulcted with large verdicts when they have no real moral blame.¹⁰

In the opinion of competent authority the effort to secure the passage of a workmen's compensation act by the federal government, excepting so far as it would relate to territory within its exclusive jurisdiction, is doomed to failure. A workmen's compensation system "should involve a single authority over employers and employees and a single classification of accidents and of compensation rates," and "if, after all, Congress should succeed in confusing the situation to the extent of its power, the great bulk of accidents will still remain within the exclusive jurisdiction of the several states."¹¹

The predominant thought of those who are seeking to provide a compulsory system of compensation is that the state has the right to regulate and provide conditions for the carrying on of dangerous industries. This was the view of the New York Commission, and since the right to regulate such industries is inherent in the state, it would follow that they might be compelled to submit to a system of compulsory insurance or other method of compensating an injured workman. It is insisted, however, that this theory is too broad, excepting insofar as it affects the power of incorporation; but even here it is not probable it can be carried to the point desired by those who seek to make the employer fully liable while he has not been guilty of negligence. It is agreed, and indeed it

¹⁰U. S. Bulletin Bureau of Labor, 1910, p. 681.

¹¹Randolph's Brief, pp. 84, 85.

has been settled by judicial authority, that the right to carry on any business or trade does not include such as are assumed to affect public policy as expressed in statutes regulating or prohibiting traffic in liquor, lotteries or kindred subjects, but the mere fact that an employment is dangerous is not of itself any reason why its exercise should be forbidden or the conditions so changed as to differentiate the employers' liability.

The New York Compensation Act went into effect September 1, 1910. It applied to certain dangerous employments which were enumerated and gave a scale of compensation for injuries and for death. It did not repeal the common law or disturb the rights of the employee or the employer under the existing law of the state, but gave to the employee the right of election to bring suit under any existing law or to claim compensation under the act itself.

In order perhaps to make more attractive the provisions of the compensation act, New York also passed an employers' liability law, making the employer responsible for defects in his plant and for the negligence of any person in his service entrusted with superintendence or authority to direct the employees, and likewise for injuries sustained by the employees of an independent contractor or sub-contractor. The employer under this law is made liable for injury to the workman caused in whole or in part by:

"(a.) A necessary risk or danger of the employment or one inherent in the nature thereof, or

"(b.) Failure of the employer of such workman or any of his or its officers, agents or employees to exercise due care or to comply with any law affecting such employment provided that the employer shall not be liable in respect of any injury to the workman which is caused in whole or in part by the serious and wilful misconduct of the workman."

Mr. Sherman pointed out the great constitutional difficulty to lie in the question whether or not compensation may be restricted to the more dangerous industries. "Due process of law requires," as he says, "that the employer shall be made liable only according to some reasonable principle of private justice, or—under the police power—pursuant to some reasonable public necessity."

The majority of the committee of the National Civic Federation for which he spoke, thought that there was no question as regards hazardous enterprises as to due process of law; that

under our constitutions the power remains in the state to regulate the relation of master and servant, but the danger was anticipated that a law limited in its application to the more hazardous industries would constitute an unreasonable discrimination between persons or classes; and it has been so held.¹² The weight of opinion seems to be, however, that incidental and unavoidable discriminations resulting from a reasonable classification by industries do not constitute unreasonable discriminations.¹³

As regards the argument that the state's authority to regulate the relations of master and servant gives complete control of the subject of compensating workmen, it has been acutely remarked that this would tend to assimilate the commercial relation to the family bond. It certainly would seem a strained construction of the law governing master and servant, which undoubtedly is within the constitutional powers of the state, to make it apply to the compulsory payment of compensation for accidents.¹⁴

No scheme for workmen's compensation would seem possible unless it contains some just and reasonable measure for insuring the risk, for it is obvious that an accident which in a large establishment with a heavy capital might readily be borne by the employer, would prove ruinous to the small manufacturer. It is of importance therefore to decide what plan of insurance for distributing the risk may be adopted. It has been well shown that any scheme of compulsory association of manufacturers such as existed in Germany, with enforced contribution to a common insurance fund, is unconstitutional, and as insurance companies are private commercial agencies, the legislature cannot prescribe insurance in them nor contributions to a mutual insurance fund, because this would "impose upon independent employers unconstitutional responsibilities in respect of each other's misfortunes and delinquencies as these affect each other's servants."¹⁵

The objections that have been touched upon in the references made in the foregoing pages are only part of those that may be found treated at length in various able papers and briefs upon this subject. The conclusion reached by Mr. Randolph is that work-

¹²*Ives vs. South Buffalo Crosstown Railway Co.*

¹³Sherman's address to Civic Federation, *Chicago vs. Westby*, 178 Fed. Rep. 619; *L. & N. R. R. vs. Melton*, 218 U. S., 36.

¹⁴Randolph's Brief, p. 93 *et seq.*

¹⁵Randolph's Brief, p. 109.

men's compensation cannot be made exclusively a remedy, but that in many, if not all, of the states "the slow and costly process of suits at law" will be injected into a scheme "where a speedy and cheap procedure is of prime importance." He emphasizes an additional obstacle to the success of any scheme, and that is "a widespread uncertainty and unbelief as to the validity of its very basis—masters' responsibility for injury regardless of fault,"—and insists that "a master's responsibility can no more be made to depend on the nature of his industry than on the size of his bank account. Whether the employment be safe, hazardous or extra hazardous, injury to the servant is the vital fact—the inevitable point of departure for all legal reasoning. In short, if the principle of compulsory compensation is constitutional it must, potentially, be applicable for the benefit of any servant and imposable upon any master."¹⁶

After expressing the opinion "that an American legislature cannot lawfully require a master to pay a fixed compensation to a servant injured in his employ without regard to the cause of injury," Mr. Randolph further holds that a large measure of systematic compensation may be attained by voluntary methods, and adds that there should be uniformity among the states, of which at present there is no sign.

This discouraging attitude was not held by the committee of the National Civic Federation, who drafted a tentative workmen's compensation bill for uniform state legislation, which is meant to apply to certain enumerated hazardous employments, and provides that no employer shall be liable for any injury for which compensation is recoverable under this act. It applies only to workmen earning less than \$1,800 a year, and provides for a graduated compensation for accident and the payment of a lump sum never to exceed \$3,000, equal to four years' wages, in case of death. Settlements are permitted by private agreement, but if not so settled an arbitrator is chosen. It expressly reserves the workman's rights to a trial by action at law and before the court without a jury unless either party shall apply to the court for a trial by jury. It provides that the judgment may be either for a lump sum or for periodical payments and gives the right of action to the legal representatives of a deceased workman.

¹⁶Randolph's Brief, p. 142.

Alternative schemes of settlement are permitted "provided that the scales of compensation are not less favorable to the workmen and their dependents than the corresponding scales contained in this act."

This proposed act, in the opinion of its framers, is an advance upon the New York compulsory compensation law just declared unconstitutional, by giving the workmen additional rights as follows:

1. The bill applies to many more industries than the few dangerous industries under the existing statute.
2. It gives compensation for practically all accidents, while the existing statute gives compensation only for accidents which can be proved to be due to the negligence of the employer or his agent, or to trade risks. The few exceptions under the proposed act, where they exist, must be proved by the employer.
3. The bill limits the option of the injured workman to sue for full damages to cases where the employer is personally at fault and in such cases would revive the full common law conditions and defenses. The existing statute gives the workman a complete option to sue for full damages under existing negligence laws or to take compensation.
4. The bill gives the workman the right to judgment for his agreed compensation under proper conditions. The existing statute provides no means for securing the workman the compensation he has elected and agreed to take.

This bill is submitted by the committee of the National Civic Federation through its chairman, Mr. Sherman, only as a tentative sketch plan and it undoubtedly contains features of great value. At the time of its submission, the decision of the Court of Appeals in the Ives case had not yet been rendered. Bills have been introduced during the winter in the legislatures of West Virginia, of Indiana, and perhaps of other states, complete in themselves, but as they have failed of passage will not now be considered, though each bill is of course a distinct contribution towards the elucidation of the subject. In New Jersey, however, a bill known as the Edge bill has become the law, introducing the principle of contract, either expressed or implied, between the employer and employee for acceptance of the provisions of the act. This agreement is construed to be a surrender by the parties of their rights to any other method of determining the amount of compensation or the

right to compensation. It provides that every contract of hire made subsequent to the time provided for in the act shall be presumed to have been made with reference to these provisions, and unless there be an expressed statement in writing that these provisions are not intended to apply, it shall be presumed that the parties have accepted them and have agreed to be bound thereby. The right to compensation is not defeated by the negligence of a fellow-employee or the assumption of risks inherent in the employment or from failure of the employer to provide safe premises and suitable appliances. A full schedule of compensation is provided for, and jurisdiction for the enforcement of the act is given to a judge of the court of common pleas.

A conference was held at Chicago during November, 1910, of Commissions of the United States, Illinois, Massachusetts, Minnesota, Montana, New Jersey, New York, Ohio, Washington, Wisconsin, Connecticut, the United States Bureau of Labor and the Special Committee of the Conference of Commissioners on Uniform State Laws, to consider subjects involved in a just compensation law. The conclusions of the conference have been summarized as follows:

1. An ideal act should cover all employments.
2. Injuries should be covered (a) irrespective of employers' negligence; (b) irrespective of employees' negligence, except where injury is self-inflicted.

The other questions relating to compensation, as to whether it should be paid in lump sums or installments, the amount and duration of compensation, the distribution among dependents were also discussed and substantial unanimity reached, excepting on the subject of constitutionality. A significant conclusion was that no contribution should be exacted from employees to any compensation fund.¹⁷

At the request of the National Civic Federation, and in view of the obvious necessity for uniformity of legislation among the states upon the subject, the Conference of Commissioners on Uniform State Laws has appointed a committee whose tentative draft of a statute is not yet ready for public discussion.

The American Federation of Labor has prepared four bills embodying compensation provisions applying to employment

¹⁷Bulletin of Labor, p 715.

generally, to employees of the Federal Government, to dangerous employments in jurisdictions subject to Federal control, and to persons engaged in interstate and foreign commerce.¹⁸

The recent decision of the Court of Appeals of New York, to which reference has already been made, will have an important bearing upon any statutes hereafter drawn. It puts the judicial approval upon the objections brought against any compensation scheme where the employer is made liable for accidents or injuries to his workmen in extra-hazardous occupations where the injury was not due to negligence or lack of precaution on the part of the employer. The New York statute provided that if the injury was caused wholly or in part through a necessary risk of the employment, or one inherent in the nature thereof, or through the employer's failure to exercise due care or to comply with any law affecting such employment, the employer should be liable to compensate the injured workman according to the scale fixed in the law.

The court decides the act to be unconstitutional because it seeks to hold a man liable for damages to another which have been incurred without his fault or negligence.

When our constitutions were adopted, says the court, it was the law of the land that no man who was without fault or negligence could be held liable in damages for injuries sustained by another. That is still the law, except as to employers enumerated in the new statute, and as to them it provides that they will still be liable to their employees for personal injury by accident to any workman arising out of and in the course of the employment which is caused in whole or in part, or is contributed to, by a necessary risk or danger of the employment of one inherent in the nature thereof, except that there shall be no liability in any case where the injury is caused in whole or in part by the serious and wilful misconduct of the injured workman.

It is conceded that this is a liability unknown to the common law, and we think it plainly constitutes a deprivation of liberty and property, unless its imposition can be justified under the police power * * * *¹⁹

The decision then holds that the statute is not a proper exercise of the police power.

¹⁸Bulletin of Bureau of Labor, p. 701 (1910).

¹⁹*Ives vs. South Buffalo Crosstown Railway Co.*, New York Law Journal, April 3, 1911.

The court treats at length of legislation sustained under the police power, but shows that in order to sustain it, its operation must tend in some degree "to prevent some offence or evil or to preserve public health, morals, safety and welfare. If it discloses no such purpose, but is clearly calculated to invade the liberty and property of private citizens, it is plainly the duty of the courts to declare it invalid, for legislative assumption of the right to direct the channel into which the private energies of the citizen may flow, or legislative attempt to abridge or hamper the right of the citizen to pursue, unmolested and without unreasonable regulation, any lawful calling or avocation which he may choose, has always been condemned under our form of government.* * *"

But the new addition to the Labor Law is of quite a different character. It does nothing to conserve the health, safety or morals of the employees and it imposes upon the employer no new or affirmative duties or responsibilities in the conduct of his business. Its sole purpose is to make him liable for injuries which may be sustained wholly without his fault and solely through the fault of the employee, except where the latter fault is such as to constitute serious and wilful misconduct.

The court further says:

We cannot understand by what power the legislature can take away from the employer a constitutional guarantee of which the employee may not also be deprived. * * * Conceding as we do that it is within the range of proper legislative action to give a workman two remedies for wrong when he had but one before, we ask by what stretch of the police power is the legislature authorized to give a remedy for no wrong.

In the course of its opinion the court recognizes the entire right of the legislature to abolish or modify the fellow servant rule and the law of contributory negligence and, even to a limited extent, as to the assumption of risk by the employee.

"In the Labor Law and the Employers' Liability Act, which define the risks assumed by the employee, there are many provisions which cast upon the employer a great variety of duties and burdens unknown to the common law. These can doubtless be still further multiplied and extended to the point where they deprive the employer of rights guaranteed to him by our constitutions, and there of course they must stop."

The whole opinion is comprehensive, clear and consistent. It will have a very great influence on the minds of those who are considering the subject.²⁰ A previous decision in Pennsylvania, where a mine owner was sought to be held liable for accidents arising from the neglect of a foreman, indicates similar views on the part of the Supreme Court of Pennsylvania.²¹

It would seem that workmen's compensation acts, drawn upon the plan of giving an election both to employer and employee either to avail themselves of the plan or their common law remedies, may be sustained, but such acts must not make the employer liable where he has been without fault.

From a study of the cases it is obvious that the solution of the problem of a compulsory compensation act, acceptable both to the employer and the employee and free from constitutional objections, has not yet been discovered. Meantime large corporations, such as the United States Steel Corporation, the International Harvester Company and others are putting in practice with much success the plan of voluntary compensation.

²⁰*Ives vs. The South Buffalo Ry. Co.*, New York Law Journal, April 2, 1911.

²¹*Durkin vs. Coal Co.*, 171 Pa., 193.

LEGAL ASPECTS OF EMPLOYERS' LIABILITY LAWS

BY HON. J. MAYHEW WAINWRIGHT,
Member of the New York Senate and Chairman of New York State
Employers' Liability Commission.

Law is supposed to be the embodiment of the public sense of justice. Whenever dissatisfaction with a particular law becomes prevalent and there is a general demand that it be changed or abrogated, it is safe to assume that it has ceased to meet the public conception of justice. Such is the case with our common law regulating the liability of employers for the personal injuries sustained by their employees in the course of their employment, namely, the law of negligence as applied to master and servant. It has ceased to satisfy the public conception of justice.

Even though every civilized country in the world, except our own, had not abandoned the system of law which holds the employer liable only when there is a basis of fault, we still would have abundant evidence that it does not meet our own modern industrial requirements. It has been indicted in many states, received a fair and impartial trial by careful investigators and been found wanting. It provides indemnity for but a small portion of the injured workers or the dependents of those who lose their lives. It leaves them to bear not only all the physical pain or mental anguish, but most of the financial loss. Few of those injured receive any pecuniary relief, and most of these but a pittance. Yet the employers are obliged to spend large sums to protect themselves against liability, of which sums the victims reap little benefit. The system affords woefully inadequate and tardy relief to those in need of immediate assistance. It is a fruitful source of antagonism between labor and capital. It is not only wasteful of huge sums paid out in premiums which otherwise might go towards furnishing relief, but also of public moneys which must be expended unnecessarily to sustain an expensive legal machinery. Economists, sociologists, judges, lawyers, legislators, employers and employees all condemn it. Almost twenty years ago a Royal Commission in England in its report characterized it as "an unfair law, operating op-

pressively against workmen as a class." Largely upon the strength of that report England adopted its first Workmen's Compensation Act, providing for the payment of damages by employers in hazardous occupations for all accidents regardless of negligence, of which Lord Salisbury said: "To my mind the great attraction of this bill is that it will turn out to be a great machinery for the saving of life."

Thirty years ago the Germans discarded the principle of negligence and with true statesmanship adopted a system providing for general indemnity practically without regard to the fault of either employer or employee. They have all recognized the principle that all or most of the trade risk should fall upon the industry as represented by the employer rather than on the workman. It is, to say the least, an anomaly, that of all the civilized countries the United States, with all its boast of progress, enlightenment and advanced ideas of justice and humanity, should cling to a system branded abroad as inadequate, if not inhuman. Yet, in making the change, these foreign governments have not been animated so much by sentiments of benevolence as by the conviction that the old system was economically unsound.

We, ourselves, have not adhered strictly to the common law. The changed and complicated conditions of modern industry have impelled many of our states to modify, some to abolish, the fellow servant rule; others to change the rule as to assumption of risk, and either to shift the burden of proof of contributory negligence or to adopt the rule of comparative negligence, where both are at fault. They have sought to impose a more stringent liability upon the employer, and to increase the workman's chances of recovery. But all competent to judge appreciate that but a partial solution of the problem lies in this direction; that it can never be satisfactorily solved through the medium of the old law; that if we are to adopt the principle that the cost of industrial accident shall fall upon the industry, we must in some direct or indirect manner provide for certain universal compensation, either through a general or limited workman's compensation act or through a system of compulsory insurance. In either case, the burden must fall on the employer. He is better able to bear it, and can if he will pass it on by an increased price of his commodity or service. He must be compelled to pay the workman or his dependents directly the scale of

compensation fixed by the act, or must contribute the major part of the insurance fund, without regard to whether he was at fault or whether the accident arose from an inherent hazard of the trade through no negligence or fault on his part.

And here we meet the great constitutional difficulty. The Constitution of the United States provides that no man shall be "deprived of life, liberty or property without due process of law." The courts declare that to hold a man when he is not at fault liable in damages for injuries sustained by another is equivalent to a deprivation of liberty and property. He cannot be so deprived unless the deprivation can be sustained under that broad principle so deeply imbedded in our jurisprudence and now so frequently invoked to overcome some apparently constitutional difficulty, namely, the police power.

Here are some phases of the problem. Will the police power sustain a general compensation act, or will it uphold one of a limited scope? If neither, can we secure one through indirection by inferring from his failure to assert his constitutional right, that the employer has agreed to some general scheme of compensation, or can we, by depriving him of all his common law defenses, drive him into an agreement with his workmen for compensation? Or can we put in force some scheme of insurance assuring the workman certain indemnity against accident? Or will it on the whole be wise to ignore all question of law and remedy and trust to the voluntary action and benevolence of employers?

The bolder spirits typified by the Committee of the National Civic Federation believe that the police power will sustain a general statute covering all or nearly all occupations where the fact of the accident will be sufficiently indicative of the inherent danger. They have proposed such a statute for general adoption. It has, I believe, already been adopted in one state, Kansas. New York, with greater caution, has deemed that the police power would not extend beyond the obviously dangerous or extra hazardous trades. So we adopted an act applying to a particular classification of dangerous industries. Wisconsin, with even greater caution, has not relied on the police power, but proposes an act providing that unless employers or employees declare in writing to the contrary, the contract of employment will be deemed to embody general compensation. While New Jersey, after smiting the employer by knocking out the

props of the fellow servant and assumption of risk rules, adopts in addition the Wisconsin method. Ohio is about to attempt a plan of insurance.

And now, after all the legal talent at the command of the various commissions and committees have ventured their views upon the constitutional perplexities involved, the Court of Appeals of our state has defined the constitutional rights of the employer to be such that no straight workman's compensation act can be enacted by us that does not violate the fourteenth amendment to the Constitution of the United States and the similar provision of our own state constitution. (*Ives vs. South Buffalo Railway Co.*)

It is putting it mildly to say that the decision of our court is a crushing blow to workman's compensation. The confident expectation of those who have taken part in this great movement that what has been accomplished abroad could also be realized here, has been turned to doubt and misgiving. If this decision that the police power is not broad enough to overcome the immunity of the property right of the employer under our constitution, is correct, then a similar immunity must exist under the Constitution of the United States. The language of the two constitutions is similar. The interpretation of our court applies equally to both.

My respect for the ultimate tribunal of the co-ordinate branch of our state government is such that I do not feel justified in commenting on this decision beyond saying that it seems inconsistent not only with its own decisions but with the conception of the police power apparently entertained by the Supreme Court of the United States, that it indicates a turning back of the hands of the clock. But our court has declared that the legislative branch has transcended its power. Their word is now the law to which our people and legislature must bow. An enactment which received the almost universal endorsement of the press, the bar, many of our judges and public sentiment generally has been declared unconstitutional. The pity of it is that the court recognizes the need of this reform. It declares that "any plan for the beneficent reformation of this branch of our jurisprudence in which it may be conceded reform is a consummation devoutly to be wished." It in effect declares that our act provides substantial justice but not sound law. The effect of this decision precludes the adoption of any compulsory scheme of compensation, and probably also, of compulsory insur-

ance, for it would probably be equally objectionable to compel the employer, who is without fault, to contribute to an insurance fund. We may, of course, amend the constitution of our state. But this will not remove uncertainty. We will then still have to face the effect of the limitation of the United States Constitution. But with such an amendment we could at least bring the question before the Supreme Court. No appeal will lie from the present decision. Even though we could get this law of ours before the Supreme Court in some other action begun in a federal court, the court might hold itself bound by the interpretation of the state court of the limitation imposed by the state constitution operating upon a state statute. Thus, in New York, we cannot expect any direct reform except through the slow process of an amendment to our state constitution, with the federal question still before us. True, it may be possible to achieve the same result through indirect means. We have already modified the Employers' Liability Statute by weakening the employer's defenses and offering him a way out from the increased liability so imposed, by providing that he may contract with his employees for compensation. We may go further in this direction and drive him into offering such an agreement to his workmen. But any such plan can be at best but a makeshift. The workmen of course will favor it, as it will not only preserve the alluring chance of the large verdict, but will vastly increase the cases of possible recovery, as well as provide him with certain compensation. The employer will soon rue it, for the workmen may decline altogether to enter into the agreement, and leave him with his liability overwhelmingly increased. Thus far but one employer has taken advantage of our elective plan. Or we may adopt the other indirect plan of assuming that the employer waives his constitutional rights and agrees to compensation, unless he specifically declares to the contrary. This might accomplish the result. But would not such a plan be open to as serious constitutional doubt as direct workman's compensation. Can a man be deprived of his constitutional rights by an inference that he elects to waive them?

Such indirect plans involve at best a "whipping of the devil around the stump." If they are feasible and will prove effective, what a singular commentary of our constitutional system will be presented! What the constitution prohibits from being done directly can still

be accomplished by indirection. This great economic and legal reform can only be secured through the medium of a quasi constitutional fraud.

A permanent solution can never be secured except through a compulsory compensation act or some reasonable plan of compulsory insurance. The reliance of the vast number of our citizens, possibly a majority of all who are vitally interested in this matter, must rest upon the wisdom, sense of justice and broad constitutional vision of the Supreme Court of the United States. If we are correct in believing that justice and the general welfare require a change from our present system of employers' liability, surely that change must be possible under a national constitution ordained to "establish justice," to "insure domestic tranquillity" and "to promote the general welfare." If it appears to violate the letter of some particular clause in that constitution it must be justified under the police power which that greatest of all courts of law has recently declared "to extend to all the great public needs" and which "may be put forth in aid of what is sanctioned by usage or held by the prevailing morality or strong and preponderant opinion to be greatly and immediately necessary to the public welfare." *Noble State Bank vs. Haskell*, 219 U. S. 104.

We indulge the strong hope that a statute of some other state may soon be brought for review before that court, and entertain the confident belief that it will be sustained by a court which has also declared "that the law must adapt itself to new conditions of society." (*Holden vs. Hardy*, 169 U. S. 366.) Surely a conception of the police powers which have sustained an act taxing one party to guarantee the debts and defaults of another will include the principle upon which a workman's compensation act must rest. A great demand for this reform is sweeping over the country. It will be unfortunate indeed if our fundamental law shall be found so inflexible as not to yield to a demand for a reform, which the statesmanship of every other civilized country has provided. It is safe to say that its progress cannot be stayed by any unfavorable court decision. If the Supreme Court, in its wisdom, finds that proposed system is incompatible with the fundamental law, then the difficulties of securing an amendment to the Constitution of the United States will probably not deter those who believe the reform is necessary. Let none suppose that the advocates of this humane

proposal in New York will be downcast or deterred from further action by the decision of our court. Rather, they will gird their loins for such effort as can only end in a direct, complete and final solution. They are not yet prepared to strike their colors. They have only "just begun to fight."

A COMPENSATION LAW AND PRIVATE JUSTICE

BY P. TECUMSEH SHERMAN,
Former Commissioner of Labor of New York.

In the states of the civilized world there are two systems of employers' liability for accidental injuries. The first, which formerly prevailed in all, but which now survives only in the United States and, in a transition stage, in Switzerland is that of tort, or more particularly the master and servant branch of the law of negligence. The second is that of "compensation," which embraces both "simple compensation" and also its more complex form of "compulsory insurance"—for "compulsory insurance," where and in so far as it is at the expense of employers, is in effect simply a liability to pay compensation for accidental injuries to employees, with a legal obligation added to insure its payment.

The majority of the advocates of "compensation" base their arguments entirely upon reasons of social welfare. Under that line of argument, in order to sustain a compensation law under our constitutions, it is necessary to rely exclusively upon the "police power"—a power possessed by the state which permits it to inflict individual hardship and injustice where necessary for the public welfare. But the law should seek, wherever possible, to effect private justice; and the case for "compensation" would be infinitely strengthened and the probability of repetitions of the reverse suffered in the recent decision of the New York Court of Appeals would be diminished if it can be demonstrated that the liability, as between master and servant, which the compensation law imposes, is just. In my opinion that liability is just, not absolutely, just in theory, because it abandons the unattainable ideal of affecting exact justice in each particular case, but as just as is possible in practice and relatively most just in comparison with the existing liability for negligence. In this paper I shall endeavor to explain my reasons for that opinion; but in order to be brief and for that purpose to avoid complexities from varying conditions I will limit my arguments to those which apply with full force only to employment in the more hazardous organized industries, to which, in my judgment, our first experi-

ments in the law of compensation should be limited in their application.

In my opinion the two systems of employers' liability law are not totally different in their fundamental principles of private right, but the principles of the compensation law are developments from the principles of the negligence law, corrected to conform to the lessons of experience and to modern scientific knowledge and modified with a view to concrete as distinguished from abstract justice. While the foreign compensation laws are all shaped in many of their details, and in some cases in their entire forms, with a view solely to the general social welfare, nevertheless as a system it will be found that the principles of private justice underlie them all. If this view is sound and if those principles of private justice become generally accepted here, then the substitution of the liability for compensation in the place of the existing liability for negligence would be in accord with, instead of being a departure from, the spirit of our common law and of the principles of the Bill of Rights in our constitutions.

The compensation law, as a rule of private justice, differs from the law of negligence in principle in that it changes the rules of "contributory negligence," of "assumption of risks" and of "fellow servant," the criterion of "negligence" and the rules governing the burden of proof—and in that it fixes a definite and limited measure of the amount of the liability.

Our rule of "contributory negligence" is peculiar to the common law, and there are now few who believe in its justice. But although the rule may be unjust, yet simply to abolish it and to make the employer liable for full damages, as if there had been no contributory negligence, would be equally unjust, because that would merely shift the injustice from the workman to the employer. The proper correction is to divide the damages. That is what the Admiralty and the civil laws have always done, and what the compensation law in effect does.

The justice of the "assumption of risks" rule is predicated upon the premises that workmen are free to assume or reject hazardous employment, and, consequently, that when they accept such employment, they should be deemed to contract freely to assume its risks; and that wages in hazardous employments are higher in proportion to the hazard so as to compensate for such risks. But

facts demonstrate that working people in the mass are not economically free to accept or reject hazardous employment, and that wages are not at all in proportion to risks. Therefore, the premises upon which the rule of assumption of risks is based are generally false, and the rule itself is not a true rule of justice. But if justice requires the abandonment of the assumption of risks rule, its corollary, the fellow servant rule, should also be abandoned; for danger from the faults of intimately associated fellow servants is one of the occupational risks, *all* of which, as a general rule, a workman either should or should not be deemed to assume. And so far as the fellow servant rule is supported by reasons of public policy, it has no true application to the organized industries, wherein the individual workman cannot, by any degree of care, protect himself from the faults of his fellows.

But here again the proper correction is not simply to abolish the defences of "assumption of risks" and of "fellow servant" so as to leave the employer liable for full damages, for that would merely shift the injustice and make the employer liable for a wrong, where he has been guilty of no wrong. The compensation law solves this problem of justice by treating all the necessary risks of employment as joint risks, of which the consequences should be shared between the employer and his injured workmen; and it accordingly imposes upon the employer a legal liability, similar to that of an insurer, to pay to his injured workmen, or their dependents, his share (generally one-half) of their wage losses resulting from such risks. This conception of a joint occupational risk, of a mutual responsibility for accidents from occupational risks, of a moral partnership in the resulting losses, is the great basis of the compensation liability. As a conception of justice it is primary and must either be accepted as an axiom or be rejected. But the idea of its justice is fortified by the fact that as a rule of public policy it has practical merits and advantages above all others. It, therefore, appears to be the best rule for the social welfare and, at the same time conforms to a widely accepted idea of justice.

The next point of difference between the two systems of law is the criterion which determines when, on the one side, the employer shall be subjected to liability for full damages, and when, on the other side, the injured workman shall be deprived of the right to any redress. Under our master and servant law that criterion is

"negligence as a proximate cause"—a criterion which in practical application is so indefinite and uncertain in meaning as to be most unsuitable for that purpose, as is evidenced by the thousands of litigated cases to which its definition has given rise. It has the further demerit of being scientifically superficial. Under the compensation law that criterion is "moral fault," variously defined, but always so defined and limited as to include only such a degree of certain moral fault as justifies, beyond doubt or reasonable difference of opinion, the infliction of a penalty upon the defaulting party. From the application of this latter criterion it results that that large proportion of accidents, which are due proximately to lack of ability, misjudgment, lack of skill, ignorance, physical or mental lassitude, mere inadvertence or that kind or degree of negligence which, humanly speaking, is at times inevitable even with careful men, and which, under our negligence law, result in a mass of litigation and entirely fortuitous determinations, are, under a compensation law, not attributed to fault but rather to the necessary risks of employment; and, consequently, for injuries resulting therefrom the employer is made liable to pay his share of the injured workmen's wage losses in the form of compensation.

The next difference between the laws of "negligence" and of "compensation" is that under the compensation law there is a presumption of fact that every accident results from a necessary risk of the employment or from some cause or causes for which employer and injured employee are jointly responsible, and is, therefore, a subject of compensation, unless fault is proved; and the burden of proving fault is upon the party asserting it. Is that presumption just? My answer to that question is that an intensive study of the causes of accidents in New York factories and a critical analysis of the European accident statistics convinces me beyond all doubt that, at least under conditions which prevail in the organized and hazardous industries, that presumption is true, and therefore just.

The final difference between the two laws is that under the compensation law the amount of compensation is measured by the law instead of by the almost unlimited discretion of the jury, and is made dependent upon certain definite facts, which are generally easily and certainly provable. Whether this method of fixing the amount of the liability is just or not should be determined by its

results. The object of the law is to do justice. It should, therefore, be framed to effect average concrete justice, rather than to declare abstract rules of exact justice which cannot be carried out in practice; and this rule of the compensation law has these qualities of concrete justice, which are entirely lacking in the negligence law, that it is generally prompt, certain and uniform in its operation.

Finally, the compensation law possesses that highest attribute of a just law, that it satisfies the natural sense of justice of the parties affected by its application; for it is the general testimony of both employers and employees in the majority of the compensation law countries that the law in the main is just and satisfactory.

In contrast with the compensation law, our negligence law gives universal dissatisfaction. Not only is it in many respects absolutely unjust, but even so far as its theories are just it fails to carry out those theories in practice, but results instead in a medley of cruel wrong, oppressive waste and delayed or compromised justice. Moreover, its theories are such that they cannot be carried out in practice, because that would require an impossibility, namely: that accidents be correctly traced to their respective causes and the responsibility for those causes correctly weighed and determined by judges and juries. Abroad, even experts, making many of their investigations on the spot and unhampered by the motives for concealment which prevail here, cannot with any certainty determine the true causes of and responsibility for a large proportion of the accidents which they investigate, and, as to the mass of industrial accidents, can only arrive at rough opinion estimates of average causes and responsibilities. It is obvious that judges and juries, especially under our methods of procedure, are infinitely less able to arrive at that exact determination of the causes of and responsibility for each accident which a correct application of our law requires. Therefore our law, even in so far as it is good in theory, is absurdly bad in practice.

The fault lies not so much with the machinery of our courts as with the law itself. For the law starts from an unfair basis, by imposing the burden of proof entirely upon the injured workmen, and thereby insures injustice to them where, as happens, in a large proportion of cases, from the very nature of the accidents, there can be no real proof. And, where there is a scintilla of proof, our law is wrong, not so much in making jurors judges of the facts, as

in making them judges of a broad field of inferences from distorted versions of a part of the facts, without scientific rule or reason to guide them. The result not only is, but must be a pure gamble, more expensive, wasteful, distressing and corrupting than any form of gambling prohibited by the penal law.

In my opinion it is altogether a mistake to seek to remedy the existing evils along the lines of our "employers' liability" statutes. Those laws are in too many respects grossly unjust to employers, increase litigation, are expensive and wasteful, are slow and uncertain in results, and furnish small additional relief to the victims of industrial accidents in the mass. And they have a disastrous effect upon the public welfare, for they foster class antagonism between employers and employees, and they interfere with proper methods for the prevention of accidents by establishing through the decisions of our courts harmful rules and precedents on questions affecting safety.

An illustration of this last proposition may be enlightening. We have in our New York Labor Law a provision that certain machinery shall be "properly guarded." The factory inspectors, in their enforcement of that law, construe that provision to mean that such machinery must be so arranged, placed, boxed, railed off, or provided with safety appliances as to be made as safe as practicable. But our courts construe it more literally to mean that such machinery must have applied to or about it something extra as and for a guard, without particular regard to whether or not that will make the machinery more safe or more dangerous. Of course, the courts have not categorically said that, but that is the effect of what they have decided. There are many cases in New York where juries have awarded and our higher courts have sustained verdicts for punitive damages against employers for not guarding their machinery in a way which, according to the overwhelming preponderance of expert opinion, would make it more dangerous. Such decisions are the opposite of or conducive to the general adoption of correct methods for the prevention of accidents. And this is but one of many points about which the reasonings and decisions of our courts on questions affecting safety are as foreign to scientific truth as are the ideas of an Indian medicine man about the causes and prevention of disease. It is a principal merit of the compensation law that under it questions of industrial safety would

cease almost altogether to be a subject for judicial determination, and that the intelligence and efforts of employers would then be directed towards the prevention of accidents instead of towards the maintenance of arbitrary conditions and practices which will merely prevent liability for accidents.

While it is not demonstrable that the compensation laws have effected any reduction in the proportion of accidents, because there is not the requisite data for purposes of comparison; yet it is certain that the imposition of the compensation liability in lieu of all others (save in exceptional cases), would remove many difficulties in the way of studying the causes of accidents and the methods of their prevention, and would aid in the enforcement of safety regulations and be conducive to their voluntary adoption. And it is equally certain that our law has just the opposite effect, because it gives rise to an impellent motive for both the employer and the workman who is injured in an accident to suppress or falsify all the facts relative to that accident which might adversely affect their respective legal rights or liabilities. Consequently, in our country, this subject is to a degree hidden from expert investigation by a fog of suppression, misrepresentation and positive falsehood.

In conclusion I wish to emphasize three propositions, namely: that in the highly organized and hazardous industries the real causes of accidents are generally so complex and in addition often so remote, that as to a material proportion of the accidents it is impossible, by any methods or means, correctly to ascertain the facts necessary to form a correct judgment of their particular causes; that as to a yet larger proportion it is practically impossible to do so without such expense and delay as will defeat justice; and that as to those accidents, as to which the necessary facts are practicably ascertainable, there is no simple abstract term, such as "negligence," "carelessness," "fault," "gross negligence," etc., which, if used as a criterion of legal liability, will not result in frequent and gross injustice and inequality, whether administered and applied by courts and juries or by more competent experts. At first impression the exactness with which industrial accidents are classified in the German and Austrian statistical tables, under the headings of "due to fault," "unavoidable," "due to lack of skill and carelessness," etc., may seem to contradict these propositions. But in so far as those tables produce that impression they are misleading; for,

as to a major proportion of the accidents classified therein, the facts have not been thoroughly investigated, but rough statements have been relied on, and there is therefore in them a wide margin of probable error, due to that one cause; and the terms used in those tables are so far from being definite and are employed in each table with a meaning so uncertain in application and so peculiarly personal to its compilers that a re-classification of the accidents covered by that table, under the same terms, by a different set of experts, would inevitably produce widely different results. The conclusion to be drawn from these premises is, that the idea of ascertaining the facts as to each particular industrial accident and then determining liability according to the application to those facts of some simple abstract rule cannot be carried out in practice; but that, in order to obtain a rule of law which will be at all fair and uniform in practice, it is absolutely necessary to resort to the doctrine of averages. That is what the compensation law does by presuming in effect, save in exceptional cases where the contrary is proved, that every accident is due to a necessary risk of employment or to some other cause or causes for which employer and injured employee are jointly responsible; and it divides the damages accordingly.

In arguing for the justice of a compensation liability in the organized hazardous employments, I am not arguing against its justice in the unorganized or safer employments, because I believe that, with some important exceptions and subject to certain conditions, it would also, in practice, be more just therein than the existing liability for negligence. And I am not arguing that reasons of justice alone should determine the form which a compensation law should take; for I believe that reasons of social welfare and many other reasons should in many respects determine both the form and the extension of such a law. But I insist that such a law as that of master and servant should be based upon conceptions of private justice; and that the compensation laws are so based, and are not unprincipled measures of mere political expediency.

AN ARGUMENT AGAINST LIABILITY

BY WALTER S. NICHOLS,
Editor "Personal Injury Journal," New York.

To me there is a graver issue involved in the enactment of liability laws in this country than the mere compensation of an injured employee. Our recent conceptions of an employers' liability are of foreign birth, the outgrowth of socialistic theories, which for years have been gradually permeating the states of Europe. There are two phases of this question which do not seem to be receiving the consideration which they deserve. I hold that under the spirit, if not the letter of our constitution, no ordinary employer of labor can justly be made liable for an injury for which he was not actually or constructively at fault, and that every attempt to impose such a liability is an attack on the manhood of employees as American citizens. Subject to the legitimate police power of the state, every American freeman has the constitutional right to contract for his services. Under all ordinary circumstances, this contract assumes that he is capable and willing to perform the work which he undertakes. Such service in free America, at least, is not different in its fundamental character from other business contracts; it is simply an exchange of personal labor for money compensation. Both parties are independent contractors. There is no more reason in the nature of things why a freeman who contracts for his manual labor should impose on the party with whom he contracts responsibility for injuries which are due to no fault of the latter than why a like responsibility should not attach to other forms of contract. As well might the architect or the builder who contracts for the erection of a dwelling allege the same responsibility. The fact that the ordinary servant is under a stricter and more detailed control goes no further than to enlarge the duty of the employer to see that his own acts are free from blame.

The only ground on which such legal responsibility can be claimed is the exercise of the police power of the state based on public policy. Is there any public policy which would sustain such police power in the case of ordinary employments? Here, a false

theory seems to have been universally accepted. It is assumed that employees would escape injury except for the special work in which they may be employed; that the responsibility for the injury attaches to the particular work being done. On the contrary, it may well be questioned whether in the ordinary occupations of life the risk of accident is not even less among those actively engaged in the service of others than if not so engaged. The employee is not a mere piece of mechanism, carefully housed and sheltered from danger except when actively in service. He is a man and a member of society, with all the obligations imposed on him by such membership. First and foremost of these obligations is that he shall do his legitimate share of the world's work. To earn his bread by the sweat of his brow is a law of nature imposed on man in his very evolution from a lower vertebrate. It is a law whose principle lies at the very foundation of all life, even that of the lowest monera or of the vegetable cell. Conscious or unconscious activity is the very essence of life. The evolution of society has simply moulded the lines along which this activity must be directed. It has simply organized the members into a social system under which their labor is differentiated and its fruits exchanged instead of, as among their savage ancestors, every man working for himself. We have simply exchanged slavery to untamed nature for a lesser servitude to society at large. Whether employed in the service of another or not, every man is exposed to the risk of accidental injury. There is nothing in all this which suggests a natural claim of one member against another for injuries due to his own fault or misfortune. On the contrary, the whole development of society has been along the line of protection to the worker. It is as true to-day as it was a thousand years ago that in the ordinary occupations of life the worker is in reality in a measure safeguarded through his very employment. Not until now has the truth of this great principle been seriously questioned. From the buried cities of Mesopotamia are unearthed the records of contracts made six thousand years ago, and in the laws of the Roman Empire, we may read the story of their transmission in spirit to the nations of modern Europe and to America. But nowhere heretofore, so far as I know, has the right and ability of a freeman to assume the risk of his employment been questioned.

What are the grounds of that public policy which it is claimed

has changed the nature of this contract relation that has existed from time immemorial? We are told they are to be found in the complex conditions of modern industrial life, under which the employee is subject to risks more hazardous than ever before, and to that greater economic differentiation which has widened the gulf between the workman and his employer, which has weakened the personal relations once existing between the two, and has reduced the former to little more than a machine to be exploited under a new system of employment, representing not men but soulless corporations; that giant monopolies of capital have practically reduced the workmen to a condition of industrial servitude. For these reasons, it is urged that public policy calls for the intervention of the police power of the state to compel either the individual employer or the state itself to assume that responsibility for injuries to the workers which they themselves formerly bore.

Whatever may be said for this argument under the monarchical systems of the old world, it fails in its application here, unless our whole theory of government is to be abandoned for another on essentially socialistic lines. The broadest liberty of the individual consistent with his obligations to society was a corner-stone, on which our whole national fabric was reared, and closely allied to it was another, protection of individual property rights against aggression even by the state. When Webster won that immortal decision concerning the sacred rights of property and of contract in the Dartmouth College case, which has ever since been the law of the land, he welded a construction into state and federal constitutions only less important than that involved in the conclusion of his famous debate with Hayne, a construction which has cost the best blood of the land to maintain "the Union now and forever, one and inseparable." Under our constitution, as it now stands, no plea of police power can well divest an employer of his property on the ground that he is liable for an injury where he was without fault. The application of this principle has been sought to be avoided by using the police power of the state to abridge the right of contract and compel the employer to incorporate the tacit assumption of a liability for injuries in his agreements with his workmen. How far the police power of a state may thus abridge the right of contract yet remains to be seen. In right reason, it would seem that no such power should exist in ordinary contracts of employment in which,

as already explained, the hazards of occupation are not essentially different from those of ordinary life. The workman here is asked to assume no increase of risk which can fairly be charged against the property of his employer, or be made a basis for public compensation, unless socialism is to be substituted for individualism in the spirit of our constitution. To employ and to be employed is a fundamental right of every citizen of the Republic, the very essence of our economic existence, even more—of our very civilization. No police power can properly abridge it more than the public welfare absolutely demands. It may well be doubted whether any plea of public policy can impose on every man who ventures to contract for the service of another an unknown liability for injuries due to the fault or misfortune of the latter with all its attendant train of fraud and blackmail, and it may be at the risk of his own financial ruin. No policy would seem more destructive to the actual welfare of the state. While in the case of certain corporate carriers, creatures of the state and impressed with duties to the public, such police power has been at times sustained, the Court of Appeals of New York in its recent decision has, by a unanimous vote, emphasized the principle that no public policy can be invoked to sustain a law which thus divests an employer of his property without his own fault, even though his liability may be limited to exceptionally dangerous risks. Our neighboring state of New Jersey in attempting to evade this decision by depriving the employer of his present protection by the court in case of his refusal to accept an unconstitutional law, strongly suggests an attempt to whip the devil round the stump. The defenses which it would deny him are grounded not on mere expediency, but are rooted in those principles of natural justice which underlie our economic system and have been well established in all our jurisprudence.

As a dictum unnecessary for the decision of the case, the New York Court of Appeals has declared that both the fellow servant and the contributory negligence clause as defenses are within the scope of legislative control. But it as strongly affirms that neither can be so modified as to impute to the employer a fault due to the employee. Both these clauses relate to the legal cause of the accident. The question of responsibility depends on this legal cause. Whether a fellow servant or an assumed negligence of the employee is in the legal sense the efficient cause or a mere link in the chain of

casualty, which no court will consider, must still remain, it would seem, a valid question of law regardless of such enactments as that of New Jersey. The act or neglect of the employer must still be the efficient cause of the injury in order to constitutionally impose on him the liability.

But gravest, perhaps, of all objections is the effect of such legislation both on the working men themselves and on the commonwealth at large. By such laws those who contract for their personal services are placed in a class by themselves politically subordinate to the rest of their fellows. They are no longer to be dealt with as freeborn citizens competent like others to care for their own affairs, and capable like others of engaging in all the activities of business life unfettered by political restraints. To them the words of the great declaration promulgated in this city a hundred and thirty-five years ago that all men are born free and equal and entitled to life, liberty and the pursuit of happiness must have a changed meaning. They are to be dealt with as incompetent wards of the state who must be protected against themselves, incapable of freely contracting for their services and subject like the medieval serfs to assumed task-masters, who must answer for their safety and be responsible for their mishaps. Is that to be the future spirit of our constitution and of our economic system? Is it the spirit of Americanism under which our country has achieved its greatness? The employee of yesterday will be the employer of to-morrow. Our future captains of industry will be recruited not from the ranks of wealth, but from the descendants of the horny-handed sons of toil. Politically, America knows no servile class. Is all this to be changed and a spirit of state socialism to be inculcated in our rising generation through the operation of laws which make the employer the keeper of those whom he employs? To-day one of the gravest financial problems which confronts our local systems of rapid transit is the damage suit for real or alleged injuries to those in transit. Fraud and blackmail play a leading part. In New York, the passage of the recent Employers' Liability Law was the signal for a heavy increase in the claim ratios of the insurers. From England, and even Germany, come the same story of the weakening of the moral fibre of the classes whom such laws aim to protect.

We are treading on dangerous ground in seeking to follow the footsteps of Europe regarding employers' liability. We are in

danger of sacrificing the nation's birthright; the independent manhood and political equality of the individual citizen won by the founders of the Republic through the sufferings at Morristown and Valley Forge. Can the American people afford to surrender it for any gains that may come through the better protection of the working classes against the risks attendant on our complex industrial conditions? Is it not better that another solution of this grave industrial problem be sought? To me the true solution lies along the line of insurance, not compulsory but voluntary, on the part of the workman himself as an intelligent self-respecting citizen to whom has been committed his full share in the government of his country. Aided and encouraged he may well be by any legislation which will not sacrifice his manhood or violate the constitutional rights of his fellow members of society. It is right that he should be protected and he should be educated to it as to every other civic duty. It is right that the cost of his protection should be an element of his compensation for his labor. But I believe that in doing so no jot or tittle of the spirit of the American Constitution should be surrendered. Not long ago, the business activity of all France was suddenly checked by a gigantic strike of employees to ameliorate their social conditions. The hand of the government itself was threatened with paralysis. It was successfully met and its backbone was broken by a call to the colors. The strikers were called on to choose between their obligations to their country and the betterments for themselves which they sought by overturning its social order. The spirit of patriotism prevailed and they rallied round the flag. The same fundamental issue underlies this question of liability legislation. Shall it be dealt with in a spirit which recognizes the paramount claims of the constitutional principles on which our government was established, those of political equality and individualism, or shall these be sacrificed for socialistic principles which will divide society into two classes: one of industrial serfs, wards of the state incapable of self-protection, the other of overlords commissioned to be their legal guardians? It is natural to move along the line of least resistance and to seek the remedies which offer the speediest relief regardless of the future. But I take it that the manhood of the future American citizen and the political equality which is his birthright may be worth even more than the material advantages of socialistic laws. When the proud Roman matron declared of her

sons, *haec mea ornamenta* (these are my jewels), she uttered a truth which equally applies to every commonwealth. The real strength of a nation lies in its citizens, not in its material possessions. The downfall of the mightiest empire of antiquity was heralded by its accumulating wealth attended by the breaking down of the moral fibre of its people. I would have every worker standing side by side with his employer as a political sovereign trained to insure his own protection and aided, if need be, by the state within constitutional lines to exact the compensation for his services necessary for the purpose.

PART FOUR

Legislation Concerning Employers' Liability and Workmen's Compensation

CONDITIONS OF PROGRESS IN EMPLOYERS' LIABILITY LEGISLATION

BY HON. CHARLES P. NEILL,
Commissioner of Labor of the United States.

In order to disarm criticism, I want to say frankly, at the outset, that if any one, at the conclusion of my remarks, says, it has been merely the accentuation of the obvious, I shall plead guilty, and it seems to me that what is needed just at this time is to accentuate the obvious, for we seem to be overlooking it very decidedly. Our topic is "recent progress in legislation," and I am going to take legislation in its very broadest sense, that is, the making of laws. Law, in a self-governing political organization represents the crystallization of public opinion; it represents the formal expression of what the community thinks is the right and the wrong in a given set of social or industrial relations. Therefore, progress in legislation starts with the forming of a public sentiment. In many cases, such as the present case, it consists in reforming public sentiment, and public opinion. We have, for three-quarters of a century, in the relation of employer and employee in matters of injury, been governed by a law which peculiarly enough, does not conform to any acceptable definition of law. It does not represent the crystallization of any opinion except the individual opinion of a single English judge. It is the best example I know of, of what might be called, "judge made" law. One always speaks with respect of the court, but when the court has been dead for fifty years or so, perhaps one can venture liberties without danger of being in contempt; and it is not too much to say, that the opinion of the judge, in which he laid down what has been the law of liability since his time, was a parody on logic and a travesty on justice. He gave that ruling at a time when the industrial revolution had almost accomplished itself, when production on a large scale and the factory system had been well established, and he set out by saying that he gave this decision, because of the absurd consequences which would follow from a ruling otherwise; and then, closing his eyes to the whole trend of industry, he based every single argument

upon what would happen in domestic service. He laid down the doctrine that the employee assumed the risk of his employment, and that that risk included the risk of accident from the negligence or the mistake of a fellow-servant. Now it might just as easily have happened that another judge would have decided that the contract for employment involved the idea that the employer guaranteed the employee against accident, and agreed to compensate him, therefore, and if that had been the personal idiosyncrasy of the judge deciding it, it would have been the law to-day. The effort we are making to-day, is an attempt to get away from that hard and fast rule of law which, as I said, in its inception, simply represented the "personal idiosyncrasy" of the particular judge who decided the case. As Berrell has said, "There was read into the assumed contract of employment a clause which employer or employee had never dreamed of, and which neither of them to this day has been able clearly to understand."

As the first step in legislation is the formation of sound public opinion, we may say the progress that has been made in the matter of employers' liability and workmen's compensation is simply phenomenal. I know of no change, no fundamental change, in an existing legal system, which has made the progress within a period of four or five years that this movement has made. If any one had said to us five years ago that within half a decade we should have heard eminent members of the bar, distinguished employers of labor on a large scale, standing up and assailing that law as iniquitous, and clamoring for change, we would probably have said that our prophet ought to be the subject of a writ "*de lunatico inquirendo*." And yet only the most drastic criticisms of the law that I have yet heard have come, during this meeting, from gentlemen like Mr. Hammond, Mr. Dickson, of the Steel Corporation; and Mr. Schram, of the Brewers' Association, in which they have denounced it as iniquitous and unjust in the last degree.

On most subjects we can say there are two sides—often more. In this question there is only one side. It does not seem to me it is open to discussion. As a distinguished politician was once quoted as having said, "There are some things not open to discussion. If you will take the commandment, 'Thou shalt not steal,' and a man says, 'let us discuss it,' don't discuss it with him—search him." The same thing is true here. When a man sets out to advo-

cate the justice of the present legal system in relation to employers' liability, do not argue with him, investigate and try to find the basis of his hallucination.

After we have converted public opinion, the next step is to set in motion the machinery by which to give formal expression to that public opinion and embody it in formal law. Now the ordinary machinery of giving expression in formal shape to public opinion is legislation. What I want to invite your attention to here—I am not criticising it, I am simply inviting attention—is the basis of our entire system of legislation. In the first place our legislatures are ordinarily slow to act and properly so. They want to be sure that that to which they are giving formal expression and more or less permanent form, really represents the matured and deliberate wishes of the community. We have, therefore, started out and made the legislature, bi-cameral, with two houses, one of which shall be immediately responsible to public sentiment, by having to go back at very short intervals, and stand before the public for re-election; the other we have deliberately removed further, so that it is made less amenable to public sentiment. We have done that deliberately, in order that there might be certain obstacles placed in the way of immediate expression of popular opinion. But we have gone further than that. After that second house, removed, more or less, from the influence of public opinion has passed its judgment, we have then submitted that to the veto power of the governor—again a procedure adopted, and I think properly, in order to make the expression of popular opinion in a formal manner more deliberate and slow-moving. Now, if we ask what progress we have made so far in this phase of the enactment of legislation concerning employers' liability, we can say again, that the progress is most remarkable. At the present time ten different states have, by legislative enactment, appointed commissions to inquire into the subject of existing statutes, and report to the legislatures. Two states have already passed laws, and in two or three other states laws have passed one of the houses. I venture to say, if there were no other obstacles, that within the next ten years, three-fourths of the states would have passed "compensation acts" to replace employers' liability statutes. Our progress in this respect, more so the recent progress, has been remarkable.

The bi-cameral legislature and the government do not repre-

sent the entire machinery of expressing in formal manner the public opinion, and public understandings of right and wrong. We have here, again, given what we may call a power of "veto" to the court. While the governor's veto is restricted in no way—he may veto the law for any reason he pleases—we have given a restricted "veto" to the court. It may only "veto" the law within certain limits, within certain restrictions, which have been clearly defined, and which we all understand. Now, if we ask ourselves, what progress we have made in recent legislation, with reference to employers' liability, so far as this part of the mechanism is concerned, we will have to answer—nothing. We have made no progress. The recent decision of the New York Court of Appeals, a unanimous opinion, indicates that we have not gone any further than where we started from. In fact, we may be said to have gone backwards. We had an idea, a few weeks ago, that we had gotten a good way, only to find we have not gotten anywhere. Our hopes have had a setback, and in a sense we are not as far as when we started out.

Let us consider a moment further. Where does the court get this right of "veto?" It gets it from the constitution, and I want to invite your attention particularly to this fact, that the constitution is nothing more than another form of law. The making of constitutions is also part of the mechanism by which we give formal expression to the public will. Now, what I ask your attention particularly to, is this point, in the constitutional law, that is, in the law most directly enacted by the people themselves, we have placed further checks upon the right to immediately enact our views into the permanent form of law.

In our constitutions we embody those views of right and wrong which we desire enacted into law of more permanent and lasting form than the ordinary legislative enactments; and we have set limits beyond which our legislative bodies are not to go. If they, in their enactments, go beyond the limits fixed by the constitution, they violate, as it were, the law which the people themselves have passed. When a court of such high distinction, and we may assume the court of one of the great states of the Union is a court of high distinction, gives a unanimous decision against the constitutionality of a law, I think even the most reckless of us must assume that the law very likely was unconstitutional. But do not turn around and

attack the court. The court has done exactly what we put it there to do, and we are angry because our carefully devised system has proved so thoroughly effective. Now, that is what we are facing to-day. We have deliberately adopted a system, as I said, to make difficult the putting into operation of any new theories of right and wrong, and then when we attempt to enact into law a thing upon which we are all agreed, and find we have violated our own fundamental law, we grow angry with the courts.

It seems to me we are very much in the position of the dog that runs and bites the stone that struck him. It may be that we are hit, and hard hit, by the decision of the New York Court of Appeals, but the Court of Appeals is merely the stone that struck us. The power that threw the stone is the constitution that the people themselves have adopted.

All this leads up directly to one point. We have heard suggested various methods of how we can get around the constitutional difficulties. It has been suggested that we can adopt state insurance, and by the adoption of the taxing powers establish rules for the public welfare, and defeat the constitution; in other words, that we can do by indirection, what we have forbidden ourselves to do by direction. It has also been suggested that we may take away the employers' defence, and leave the compensation law optional, but this is "optional" in a truly pickwickian sense. He can take it, or pay the penalty. Now, that is no more fair, not more "optional" or free in the accurate or correct sense, than it is to say that the workman has freedom of contract. It is a counterfeit freedom, a mockery, a sham.

I am not going to discuss the merits of state insurance versus private insurance. It may or may not be better. But do not let us be driven into it because we cannot do the other thing. Let us set out to amend our constitutions so that we shall have freedom to choose between systems and adopt the one we think is best. In other words, let us accept frankly the system of legislation we have adopted, and one which, I for one, am not yet willing to abandon. Let us face it squarely, and live under it, and let us start the machinery of legislation, which means legislation by the people themselves, and amend the state constitutions until we have freedom of choice in adopting a reasonable and just system of workmen's compensation; let us have entire freedom to adopt that one which

serious study and frank discussion shall convince us is the right and proper one to adopt. In other words, to repeat, let us accept the constitutional system we have adopted, let us live under it, let us be consistent and logical, and let us set about effecting that kind of legislation in which we have as yet made no progress.

The time is ripe for it. I know of no other subject upon which it is as easy to convince the fair-minded person. I believe that, judging by the experience of the past four years, in the propaganda being carried on, there is no topic on which it would be so easy to convince a person of the injustice of the present system, and no topic on which it would be so easy to secure constitutional amendment, as on the subject of employers' liability and workmen's compensation.

THE SYSTEM BEST ADAPTED TO THE UNITED STATES

BY MILES M. DAWSON,
Counsellor-at-Law and Consulting Actuary, New York.

The best system would obviously be best adapted to the best nation. Though not intending to indulge in boasting, we would be very loath to admit that the United States was not easily first among nations. If there are reasons why the system is objected to, these reasons then must obviously be based upon mere prejudice. Such ought not to stand in the way of its adoption when the facts are fully known; and will not stand in the way if our nation really is the best and its people worthy of it.

Workmen's compensation is at present being presented to the American people in three forms, viz.:

First: In a form merely optional, i. e., contemplating that employers and employees should bring themselves under its provisions (which, except in the Ohio bill, provides for direct liability of the employer, instead of insurance) by their own action, or quasi-optional, i. e., requiring them, if not desiring to be bound by its provisions, to take affirmative action indicating their election.

A law of the former character was enacted in New York last year, and took effect on September 1st last. It is reported that but one employer has brought himself and his employees within its purview. This, notwithstanding the fact that the defenses against employers' liability have been considerably modified, a fact which is elsewhere expected to cause all employers to seek refuge under the provisions of such an act.

Possibly a law like that which is proposed in Ohio, removing the defences against an action for negligence, but offering a safe haven in state insurance of the compensation type, might bring more employers under the compensation provisions.

Undoubtedly, under a quasi-optional system, requiring written notice to certain officials to avoid coming under its provisions, a very large proportion would find themselves included within them; but the same reasoning which caused the Court of Appeals of the State of New York to hold that a so-called "compulsory com-

pensation act" is unconstitutional, as taking private property without due process of law, would perhaps apply to any such form, not wholly and in fact optional.

Moreover, it cannot be denied that either an optional or a quasi-optional workmen's compensation system is but a partial and incomplete solution of the serious problems at which such legislation is directed.

Notwithstanding all this, New Jersey has just had recourse to legislation of this type, and such legislation is in process of enactment in Ohio, with every chance of success and differing from the other only in that state insurance is the option offered. It is also expected that the Wisconsin legislation will take the same form.¹

Second: A law substituting for the present employers' liability law, a system of workmen's compensation, the employer to be liable for the payment of the compensations and the same to be applicable to all employments.

With the exception that it was not made applicable to all employments, but only to certain of them which were selected by reason of the extraordinary peril attending them, and by reason of their not being in competition with similar industries of other states, this is the form which was taken by the so-called "compulsory" workmen's compensation act of New York.

It is now a matter of history that this has been declared unconstitutional by the unanimous opinion of the Court of Appeals. It is declared unconstitutional both under the provisions of the state constitution, and under the provisions of the federal constitution. Against the former determination there is no appeal; and, consequently, so far as New York is concerned, the question is finally disposed of, unless the constitution be amended.²

Should such a system be upheld, it would produce as good results as would an optional system such as the New York or the New Jersey type, if the latter were to be universally accepted.

But this system, even if available, is certainly not the best. In the first place, it involves many uncertainties, both for the employer and for the employees. Thus, had there been such a statute in force and applicable to the manufacturing company upon whose

¹It has, as have also the new laws in New Hampshire and California.

²This has since been recommended by the Commission and a bill has been introduced to submit an amendment to the voters.

premises the frightful holocaust occurred in New York on the very day the decision of the Court of Appeals was announced, it would have resulted, as doubtlessly suits for negligence under the existing law will result, in the ruin of the employer while little, if anything would have been realized for the families of the deceased or for those who were injured.

This illustrates two things, viz.: (a) that it is by no means certain that, under the system of holding the employer directly liable, the burden will be distributed, and thus appear in the price of the products or services to be paid consequently by the consumer; and (b) that it is by no means certain that the compensation will be paid at all. In neither case is the community well served.

In the next place, it is a wasteful system. The only means by which a proper distribution of the costs can be made under it is by private, voluntary insurance. In Great Britain, where such a law is in force without modification, and where the best stock companies in Europe that insure against such risks, are to be found, it costs, roughly, a shilling for expenses to get a shilling of benefits to the dependents of the deceased workmen and to those who are injured. It costs no less than 30 per cent of the entire sum disbursed in benefits merely to pay agents for soliciting the patronage of employers; and this does not include the costs of superintendence.

If an adequate system of this type were introduced throughout the United States, giving benefits as large as, for instance, in Germany, I estimate that it would cost, net, about \$400,000,000 per annum, to pay the compensation after the plan was in full swing.

If the expense were 100 per cent, as in Great Britain, this would mean \$400,000,000 added to the net cost. Of this vast sum at least \$120,000,000 would be paid for the services of solicitors—an army of agents, yet to be drawn from other occupations and put into this.

These figures may look large; but it was estimated several years ago from the official returns, that the commissions to fire insurance agents in the United States were no less than \$115,000,000; and it is safe to say that under an adequate system of workmen's compensation, covered only by private insurance, the premiums would aggregate a greater sum than is paid for fire insurance. The amount paid in commissions would be at least as large, and the amount paid in total expenses would be considerably larger.

Moreover, there is virtually an irresistible tendency, when the employer is held directly liable, to impair the effectiveness and value of the compensation system itself.

Thus all such bills offered in the United States so far, have provided for limiting the payment of benefits to cases of total disability, or to widows and orphans, for a certain number of years, thus leaving all those who live beyond that period unprovided for.

In no other country, not even in those which have adopted legislation of this type, has such cowardice been exhibited. In our own, it has not been exhibited as will be seen, in the state insurance law, just enacted in the state of Washington.

There are two things which have caused this action to be taken, viz.: The objection that an employer does not wish to be placed in a position where he will be liable to furnish a permanent income to the injured individual or his dependents. It is put thus: "It must stop, somewhere." In the next place, the private insurance companies have, to my knowledge, urged that they could not well figure what it would cost on this basis. This is true in a sense, although such costs may be estimated from foreign statistics, within a reasonable range.

Even when, as in Great Britain, there is a provision that at least the benefits for permanent disability must be paid during the continuance of the disability, it is found in practice that every loophole in the statute which will permit compromise is promptly availed of. This is well illustrated by the very small reserve which British companies are required to hold in order to take care of such deferred liabilities and perhaps even better by this criticism which recently appeared in a prominent British insurance paper, operated also as a journal in the interest of the companies:

We must say, that if anything is likely to provoke the State to start compensation insurance, it is the action of many offices in "bluffing" claimants into unjust settlements. Almost every day we notice in some part of the country the intervention of the County Court to prevent the registration of some agreement which is manifestly unfair To-day they often trade upon the ignorance of claimants when they should be collecting higher premium rates. This naturally arouses the anger of all right minded persons and it certainly gives those members of the community who are inclined towards socialism an opportunity to plead for the nationalization of all the means of production, distribution and exchange. If the insurance offices serve the public well they have nothing to fear, but shaving claims to swell dividend returns is not good service.

This editorial was based upon the following statement concerning the decision of a British judge:

Judge Emden said that he did not approve at all of those lump sums. They were getting far too frequent. He believed that he was correct in saying that now the larger portion of the work under the Workmen's Compensation Act was being transacted under agreements of that character and the object of the act was being defeated. If the case before him was, as was alleged, an improper case to bring, it was not a case for an agreement at all, and ought to be dismissed. If it was a proper case, then an agreement was not the right way to dispose of it, and he did not think the workman would be properly protected unless the matter came before the court. He had been watching those cases for some time, and his conclusion, based upon investigation, was that the whole beneficial effect of the act was being defeated.

Mr. Hurd said if the payment of lump sums under agreements were abolished there ought to be some central authority to say when a man should return to work.

Judge Emden—That is equivalent to saying the act cannot be worked in its present way satisfactorily.

His Honor declined to accede to the application, remarking that agreements of that kind were increasing to such an extent that he must do all he could to stop him.

When the payments are commuted in this manner, the ultimate result must be that one of the chief purposes of such legislation, viz.: that these unfortunates be provided an income, will be defeated; and it is to be expected in consequence that they will soon be dependent on public or private charity, precisely as if no such plan had been introduced.

As much is indicated, likewise, by the reports of the committee sent by the Trades Congress of Great Britain to study the German situation, which said, among other things, that it was observable that in Germany there were literally no slums—a fact sharply in contrast with the conditions in Great Britain under its exceptionally liberal compensation act.

Third: A system of compulsory insurance in which the state lends its sovereign power to afford at least the compulsion and in which it either may or may not also assume the management and conduct of the business.

Many critics have regarded this as peculiarly un-American; but the interesting thing about it is that it was regarded as quite as

peculiarly un-German, un-Norwegian, un-Gallican, and, so late as three years ago, un-British, and on precisely the same ground, viz.: that "ours is a free people and will not endure compulsion."

Yet the system has now been in use in Germany for twenty-five years, and is so thoroughly satisfactory, both to employers and employees, that nothing would induce them to change. It has also been in force in Austria for nearly as long a period, a country where they have the mixed population problem as in the United States, and in a more aggravated form. The satisfaction with the system has been such that the joint kingdom of Hungary has, after waiting over twenty years also introduced compulsory insurance. In Norway, which has the reputation of being, next to Switzerland, the most democratic country in Europe, it has been so popular likewise that compulsory sickness insurance, recently introduced, is now also generally acceptable. In France, after two decades of resistance and over ten years' experience with a law holding the employer directly responsible, compulsion has been accepted in connection with an invalidity and pension fund plan. And in Great Britain, there is virtually no outcry on the part of either employers or employees, against the proposals of the present government to introduce compulsory insurance against invalidity and also against unemployment.

In our own country, even before the present agitation got under way, the employers and employees who were engaged in coal mining in certain counties in Maryland, were so much in earnest about the matter that after passing one compulsory insurance act, which was declared unconstitutional, they secured another to obviate the constitutional difficulties; and the legislature of Montana, with the approval of the owners of coal mines there as well as of the miners, adopted a similar plan for that state.

At the present time, plans of state insurance, either compulsory or optional or quasi-compulsory, are before the legislatures of several states, including Michigan, Ohio and Texas, and already a compulsory state insurance plan, applying to nearly all employments, has been enacted into law in the state of Washington.

It does not appear, therefore, that when the subject is fully understood, there is any insuperable prejudice against state insurance, if it will produce the best result for the least expenditure of money. It must be admitted that state insurance is effectual. It

really does accomplish what it sets out to accomplish. It has everywhere been conducted economically, whether the management be kept in the hands of the state or in the hands of the employers or of employers and employees together. Thus, the expense in Norway, Austria and Germany is in no case more than 16 per cent of the net costs,³ as compared with 100 per cent in stock companies in Great Britain.

In Germany, the management as to permanent disability, widows' and children's benefits is in the hands of mutual associations of employers and the benefits of the first thirteen weeks, in the hands of sickness insurance associations in which the employees elect two-thirds of the trustees and the employers one-third, and it has been found that the cost of management is even a little less than elsewhere, the employers' associations being at about the same rate as elsewhere, but the sickness insurance associations at a cost of about 8 per cent.

In the matter of prevention it is everywhere acknowledged that the system in use in Germany is by far the most effectual, the employers imposing upon themselves rules for avoiding accidents to which they would probably never submit, were they imposed by the government or by a private insurance company.

That this is true, and that it may greatly reduce the hazard is sufficiently shown by the experience of the factory mutuals in the United States in fire insurance, which have so greatly reduced the hazards that the cost of insurance is frequently one-tenth of one per cent per annum or less, whereas it used to be from 2 per cent to as high as 5 per cent or higher.

There is also no objection under such a system to affording permanent benefits; and the state is interested, not in having compromises made, which will save a dollar here or there for the funds, but in having the benefits so paid as to support all dependents. The Washington law so provides, both as to disability benefits and benefits to widows and orphans.

Another very great advantage, especially in introducing such a plan, may also be realized by adopting the assessment system as in Germany, and more recently in Hungary, under which no more is collected currently than is currently required to meet claims.

This would not be safe under a voluntary system, but under a

³Including prevention, adjustments and litigation.

compulsory system there is, of course, no more reason that the government should collect more of these taxes than are currently required, than that it should collect more taxes for any other purpose than are currently required.

Under such a system, therefore, the cost at the outset would not be more than the premiums employers are paying at present; and the increase would be so gradual that at least twenty-five years would elapse before anything like a maximum would be reached, which maximum, likewise, would obviously still be very much less than under any system of private insurance.

Under such a system, also, of course, no employer could be ruined, and thereby no dependents deprived of their benefits.

The question is raised immediately as to whether such legislation will be constitutional. Sufficient time is not allotted me to undertake a discussion of this question. It has, however, from the beginning seemed to me that laws of this character have a much better chance of being declared constitutional than any other laws, excepting possibly those which are purely optional, and among such I hesitate to include the quasi-optional, which require choice to be made in order to remain under the negligence laws.

This view I had formed prior to 1909, after consulting all the decisions available. It has recently been strongly confirmed by the reasoning of the Court of Appeals of New York in declaring the workmen's compensation act unconstitutional, and by the decision of the Supreme Court of the United States in the Oklahoma bank guaranty cases.

One result, also, of the limited research which I have been able to make in the matter is to indicate that there is even greater probability that a proper *national* act of this form would be declared constitutional than there is that similar acts of the legislatures of the different states would be so declared. The national constitution is in this respect broader as to the taxing power than the constitutions of most of the states.⁴

It is peculiarly desirable, likewise, in view of the absolutely free trade among the states that, if possible, this legislation be national, in order that there may be no discrimination against the industries of one state in favor of those in another. The variation

⁴This view is strongly confirmed by an exhaustive examination of authorities since completed.

in rates for employer's liability insurance is now three to one or even four to one, as between industries otherwise alike but in different states. This should be remedied, not aggravated.

If, therefore, the question, "What system of workmen's compensation is best adapted to the United States?" is to be answered, as if it read, "What system is best for the people of the United States?" there is but one answer possible.

If, on the contrary, it is, "What system of workmen's compensation is most likely to be adopted, taking into account certain prejudices alleged to exist in the United States?" it may be that the answer would be different. Even of that, I am not convinced; for I do not believe that American employers, employees or our citizens in general, are in favor of doing this thing in a way which is certain to be the least effectual and at the same time the most expensive.

POINTS TO BE CONSIDERED IN WORKMEN'S COMPENSATION LEGISLATION

BY LAUNCELOT PACKER,

Secretary, Employers' Liability and Workmen's Compensation Commission,
Washington, D. C.

In this brief paper, I shall emphasize some points that law-makers must consider in attempting to change the basis for dealing with industrial accidents.

First, comes the change in public opinion towards them, and the reason for it. In 1905, when ten years' management of innumerable accidents here, drove me over to England to investigate the workings of the English Compensation Act of 1897, in the hope of finding a way out of the grave abuses that resulted from the continued regulation of them by the law of negligence, the question in the United States was then, (if there was any,) "is any change necessary?" Now, after free discussion and consideration of the conditions and abuses that necessarily surround the application of the law of negligence to modern industrial conditions, the question has become "What kind of a change is necessary?"

One speaks of the change that has taken place in industrial conditions since the common law of negligence was first adopted as the basis of treatment of accidents of industry.

To get this forcibly before us, let us stop for a moment and read a short accurate description of those early conditions that first led judges to apply the common law of negligence to industrial accidents, and then contrast them with conditions of industry to-day. It is conceivable that then, little injustice resulted from such application, and perhaps some reason then existed for asking, "Who has been negligent?" when an accident occurred. There is, no doubt, too, that then, if an accident with resulting hardship occurred, it was dealt with entirely without any recourse to law at all; early decisions as to such actions in the law books prior to 1841 are strangely lacking; now the books are crowded with them. The description I read from was written years ago by one who has since attained

literary distinction, but who herself was actually a worker in the mills at the time she describes:

"Lowell, in 1832, was a factory village in which five corporations were started and were building cotton mills. Stories were being told all over the country of the new factory-place and of the high wages offered. Stage coaches, canal boats, large covered baggage wagons, brought mechanics and machinists with their home-made chests of tools. The stage coach could not fetch and carry fast enough, and in 1835 the Boston and Lowell Railroad, almost the first enterprise of this kind in the United States, went into operation. Daughters of professional men, teachers, and of farmers, with others, comprised the operatives, whose incentive to labor was often to give a college education to a son or brother.

The conditions of work were easy; frequently a girl would sit and rest twenty or thirty minutes at a time; they were not driven: the mule and the spinning-jenny had not been introduced, and two or three looms were as much as one girl was required to attend.

There was a feeling of respectful equality between employers and the employees, who were often invited to their houses."

When the changed industrial conditions of to-day are realized, the necessity for change in law becomes apparent to the legislator.

Throughout the country, change is still being attempted by an endeavor to patch up the old law of negligence and make it fit the new conditions of industry. This attempt must fail; it is only putting new wine into old bottles.

The alternative to negligence law is a so-called compensation law, and the question for the law-maker, therefore, becomes "What kind of compensation law?"

To determine this, the aid of the economist to supply the facts is necessary. In America there is less reason to warn against the economist who reasons on theoretical grounds, such as the universal economic law—the natural law, than there was in Germany. Even in Germany their economists finally conceded that the question was not to be dealt with on theoretical rules of economy or natural law, but that economic doctrine must wait upon facts and be determined by the facts. What America wants from the economist is realistic political economy, based upon statistical material, and not deductions from rigid theoretical premise. The law-maker, therefore, must first endeavor to secure the facts concerning accidents in the indus-

tries he deals with, and even though he cannot secure all he needs, he can secure sufficient to guide him.

The law-maker must next realize that practically all of the existing evils to-day that surround the treatment of industrial accidents on the negligence basis, are traceable to the one word, "uncertainty."

That uncertainty presents itself in a double aspect; "uncertainty as to the responsibility" for the accident when it happens—and second, "uncertainty as to the medical or surgical facts."

As a direct result of these two uncertainties, we find great hardship upon the employee, and great hardship upon the employer. As the employee does not know whether his employer is responsible to him or not, the lawyer becomes necessary to get rid of this uncertainty. The employer soon learns that the employee has called in a lawyer, and the antagonism created by law between them becomes acute; expense for the lawyer is involved, examination of the facts surrounding the accident must be made, testimony of witnesses taken and, possibly after long delays, ultimate trial in court must be had to determine the responsibility. The employer is in exactly the same position, he must have every accident investigated, he must consequently engage a lawyer, and also take testimony of witnesses and be prepared to fight a suit at law to get rid of his uncertainty, in every accident; sometimes these unpleasant duties are transferred by the employer to an insurance company.

If one stops a moment to consider the thousands of accidents happening in the United States in a single year, it will be unnecessary to emphasize the shocking waste of energy, brains and money in getting rid of the mere uncertainty "as to whether the employer is responsible or not."

"Uncertainty as to the medical facts" is also as important as a factor conducing to disagreement, as is uncertainty of responsibility. The employee has no medical attention provided for him by an employer, who "perhaps" owes him nothing. Every lawyer who has tried personal injury cases is familiar with the universal doubt as to how much the man is incapacitated, "the disagreement of doctors" being an expensive uncertainty. Many a settlement would be made by employers if they knew that the man was injured to the extent that he claims he is: many a settlement now made would be refused by the employee if he realized "how permanent" his injury was.

Law-makers must, therefore, fix a system of absolute responsibility before the accident happens; and also devise a system of ascertaining quickly and definitely the medical facts—a compensation law would only accentuate the necessity for the latter, if they wish to obviate the glaring disadvantages of the present system.

So far as one can judge of the present attitude toward this subject throughout this country to-day, it would seem clear that both employers and employees are agreed generally, in favor of discarding the system that requires proof of negligence and substituting a fixed and definite responsibility for an accident before it happens, and a system for quick determination of the extent of the injury to the injured after the accident happens.

If this be true it would seem that the ground underlying any controversy on the subject between the employer and employee is narrowed to one word, "expense." What amount of expense will the industry stand. What amount of expense will enable adequate compensation under a compensation law to be paid.

All of you here familiar with insurance know that the cost of selling insurance to-day is high. That the cost of investigation of accident is high. That much of the abuse directed against the insurance companies, is from those who fail to recognize that they are helpless to change the present ambulance, lawyer, and claim agent system, which is based upon the fact that the law makes the interest of the employee and employer antagonistic directly an accident happens, through the uncertainty of their rights and obligations.

When all abuse is put on one side, the fact remains that by removing the necessity for legally investigating every accident and preparing to fight it in the courts if suit be brought, and by enabling the extent of the injury to be determined with certainty and quickly, and also by getting rid of, as far as possible, the waste of competitive selling, a large part of the expense of insurance would be removed.

Uncertainty produces expense. The "uncertainty" in the New York Compensation Law was largely responsible for the high rate of insurance fixed under it.

If both a compensation law remedy and the present negligence law remedy be left side by side, or as alternatives, uncertainty results. Each accident being a potential suit producer, all the existing abuses must continue; the same necessity will exist for investigating every accident, the same activities of lawyers and much of

the same negligence law expense will continue, with the addition of the expense for a compensation law. A few years ago, I had occasion to secure from a leading insurance company an estimate of the cost of a suggested Massachusetts workman's compensation bill. The bill left the existing negligence remedy as an alternative. After computing the cost of the compensation bill, the insurance company simply added to that cost the full price it was then charging for insurance against the existing negligence remedy. The result will be that employees' allowances under the compensation law will be reduced in amount, if a double or alternative remedy be left side by side with it.

The fact that the expense to the employer involved under any compensation law depends entirely upon the conditions in that law, proves that estimates in advance of the drafting of the law are of no value. Both parties in their attempt to reach an agreement should remember that the expense exists at the opposite ends of the disablements, so to speak. A very heavy part of that expense arises from the innumerable short-term injuries that last only a few weeks. If these be cut out the expense is reduced. Another heavy part of the expense results from the long-term permanent disablements, namely, those disablements that last during life. It is important to the law-maker to know at which end, employer and employee desire to have their expense reduced if they wish to increase the amount of benefits. Should injuries that are trivial be excluded; should permanent injuries only be compensated for a limited period, allowing the injured to fall back upon his family or public charity at the end of that period, or should they be continued during his life?

The extent to which prevention of accident will result from a compensation law will also affect the expense. I have recently made inquiries on this point of government inspectors and of employers and employees' organizations in England, where the statistics show an increase in the short-term injuries since the compensation laws went into effect, and where a special committee has been appointed to inquire whether any actual increase of accidents had occurred, and if so, the cause of it. The result of inquiry showed that causes other than the compensation law had tended to increase accidents; that the compensation law by making a definite expense follow every accident had tended to reduce accidents; that the statistical increase was largely due to fuller reporting of the

accidents that occurred. So the history of compensation laws continues to be, as it was stated to be by the Premier who passed the bill in England, "the history of a great machinery for saving human life."

The new basis of the law incident to employment and resulting accident, is in reality a reversion to the old form of absolute liability for the acts of a servant, and this brings me to the final matter which is a difficulty of the law-maker's work, namely, that of producing a law which will constitutionally accomplish the objects above enumerated. We must wait until the Supreme Courts of other states besides the one in New York have expressed their views, before coming to a conclusion as to the constitutionality of compensation laws. I believe an opposite result may be reached by other states and a basis for constitutional enactment be found in the fact that "he, who for his own profit starts a dangerous force in motion may be held responsible for the injury it causes to others."

The legislators may be enabled to constitutionally adjust the law to the social policy of to-day, as legal history teaches us it has hitherto done. And as Dean John H. Wigmore, in his *History of Tortious Responsibility* suggests, possibly the satisfying of the demands of public convenience may find justification both theoretically and historically in the employment of a substitute more or less "at peril." I attach herewith my

PRELIMINARY BRIEF ON THE POWER OF CONGRESS TO
IMPOSE AN ABSOLUTE LIABILITY IRRESPECTIVE
OF NEGLIGENCE UPON AN EMPLOYER, FOR
ACCIDENTS TO HIS EMPLOYEES IN
HIS BUSINESS.

Is imposing an absolute liability upon an employer irrespective of his negligence, for all accidents to his employees, which occur during, and arise out of, their occupation, within the inhibition of Art. 5 of the Amendments to the Constitution "that no person shall be deprived of his life, liberty or property without due process of law."

18 How. 272	"Due process of Law," has been held in <i>Murray v. Hoboken Land Company</i> to be synonymous with, "the law of the land" in <i>Magna Charta</i> —which is a statute declaratory of principles of the common law (<i>Cooley's Constitutional Limitations</i> .)
Murray	
v.	
Hoboken Land	
Co.	

There is no departure from the theory of law in legal recogni-

tion of substitutive rights and liabilities developed by changes in conditions, (the law contemplates change as conditions change—otherwise common law rights would still be restricted to those in the Writs of Westminster Hall.)

110 U. S. at
530
Hurtado
v.
Cal.

In *Hurtado v. California* 110 U. S. at 530, Mr. Justice Matthews said: "The flexibility and capacity for growth and adaptation, is the peculiar boast and excellence of the Common Law. . . . The Constitution of the United States was ordained, it is true, by descendants of Englishmen who inherited the traditions of English Law and History; but it was made for an undefined

and expanding future. . . .

There is nothing in Magna Charta rightly construed as a broad charter of public right and law, which ought to exclude the best ideas of all systems and every age. In this country . . . the provisions of Magna Charta were incorporated into Bills of Rights. . . .

. . . here they have become bulwarks against arbitrary legislation; but in that application, as it would be incongruous to measure and restrict them by the ancient customary English Law, they must be held to guarantee, etc.; and in commenting upon the test of what constitutes due process of law, advanced in *Murray v. Hoboken Land Co.* 18 How. 272, which said "We must look to those settled usages and modes of proceeding existing in the common and statute law of England before the emigration of our ancestors which are shown not to have been unsuited to their civil condition by having been acted on by them after the settlement of this country," and upon the inference therefrom, "that any proceeding not thus sanctioned by usage cannot be regarded as due process of law," Mr. Justice Matthews says at p. 582 "This inference" is unwarranted. The real syllabus of the passage quoted is, that a process of law, which is not otherwise forbidden must be taken to be due process of law, if it can show the sanction of settled usage both in England and in this country, *but it by no means follows that nothing else can be due process of law.* But to hold such a characteristic is essential—would be to deny every quality of the law but its age, and to render it incapable of progress or improvement. It would be to stamp upon our jurisprudence

169 U. S. 366

Holden

v.

Hardy

198 U. S. 45

the unchangeableness attributed to the laws of the Medes and Persians."

The opinion in *Holden v. Hardy* says: "The Supreme Court has not failed to recognize the fact that the law is, to a certain extent, a progressive science—(and gives instances of such progress)."

Mr. Justice Holmes after referring to that case, in 198 U. S. 45, says: "Liberty in the Fourteenth Amendment is perverted when it is held to prevent the natural outcome of a dominant opinion."

219 U. S. 104

And again in 219 U. S. 104 he says, in speaking of the great guarantees of the Bill of Rights (the police power), "judges should be slow to read into the latter *nolumus mutare* as against the law making power."

16 Wall. at 525

Steamboat Co.

v.

Chase

92 U. S. 102.

Sherlock

v.

Alling.

In *Steamboat Co. v. Chase*, 16 Wall. at 525 (1872) in a note to text, it is pointed out that actions for damage for loss of life were unknown until 1846, Lord Campbell's Act. Yet by statute American Jurisprudence has created such a liability for death. See *Sherlock v. Alling* 93 U. S. where it says at 102, by common law, right of action for personal torts dies with person injured, the statute which allows action when resulting in death "enlarges the liability of parties for such torts."

If examination shows that in England, when so doing was considered to subserve the ideas of social policy of the time, settled usage held a man absolutely liable irrespective of negligence for acts that eventuated in harm; that of itself will be evidence strongly indicative of the freedom from any inhibition, by the fifth amendment, against imposing an absolute liability. Moreover if it be shown that such an absolute liability has, in the subsequent successive adjustments of the law to social policy, been continued, for certain classes of such acts, to the time of the emigration of our ancestors, and further has been acted upon by them after settlement of this country, the freedom of Congress in relation thereto would be conclusively established—without further inquiry into whether owing to changed conditions of industry other justification of such freedom of Congress exists (outside of such usage in England and this country).

Historical Test.

The history of responsibility for tortious acts has been examined into by legal writers, and the courts have dealt with it.

John H. Wigmore's history of Tortious Acts is a critical historical examination which shows that the common law has always known an absolute liability, irrespective of negligence and shows that a primitive absolute liability for harm existed which was universal in all races.

A manifestation of this was the liability of a master to his servant's relatives for his death, even accidental, where the business has been the occasion of the evil. L. L. Hy. I: 90 (Brunner Deutsche R.) a person was considered the "causa mortis" who sent another person away on his business, if that other lost his life executing the order; an accident was imputed to, the master as homicidium, if his servant lost his life by misadventure, by reason of a tree or of fire, etc.

The state of the law towards harms caused by personal deeds, by animals, by inanimate things, or by servants or slaves are shown to have passed through similar successive stages.

First the primitive absolute liability for them (liability being visited—on the visible offending source of the visible evil result.)

For personal deeds, in the next stage, misadventure becomes a ground for appeal to the King to remit the punishment due, killing in self defence even requiring pardon by the King (Bracton mentions a case of pardon in 1234 of a man who defended himself against a burglar in his own house). In the next stage the fine is reduced (Laws of Henry I "when result not intention is blamable, judge must fix a small fine as really accident.") Finally, complete exculpation in the criminal process, if immediate notice is given and an oath taken as to "accident" or "self defence," though, in homicide at least, the slayer pays a fine to the King for the crime—and probably for all torts some compensation to the injured, in England in the 13th century.

As to animals—first the full absolute liability. Then the owner was still liable for the wergeld for harm done unintentionally,—but was released from the blood feud. Then exculpation, by delivery up of the animal (at first for private vengeance and later for public punishment) often accompanied by oath "that the owner was not aware of the animal's vice." Laws of Alfred (871-901). "If a neat wound a man let the neat be delivered up or compounded for." Fitzherbert (1333). "If my dog kills your sheep, and I freshly after the fact tender you the dog, you are without recovery against me."

Inanimate things: First the absolute liability. Then the forfeiture—as in the case of Deodand: (the idea of forfeiture is illustrated in a case quoted in Holmes' Common Law. "If my horse strikes a man and the man dies the horse shall be forfeited.") Sometimes with exculpation by oath—(Laws of Henry I "If a man put down his arms, and another does harm with them, the owner must free himself by oath"); finally a foreshadowing of the test of due care or the like.—(as under the laws of Alfred, liability exists if an injury is caused by a spear held with point three inches higher than end of shaft, otherwise none).

As to harms connected with a servant: At first here too was absolute liability of the master, later modified by surrender at first to the injured families, then to the courts for justice—(Laws of William I, C 52. "All who have servants are to be their pledges—and must have servant before The Hundred, for trial—if he flees master shall pay"). The exculpatory oath denying connivance with deed, avoided criminal, but not civil, liability. And by the 13th Century appears the test of responsibility, soon after extended to the civil liability of "command or consent" . . . "Bracton's Note-Book" (1233): case in which disseisin justified, "because he did not sanction the deed, nor did any one lay it before him.")

It is seen from the foregoing that "absolute liability for harm, irrespective of negligence," was imposed by early law, not only in England, but in other countries. In following on the developments of the law in England is shown a constant adjustment to the prevailing notions of the time by the tests of responsibility adopted in the judges' decisions, and it can hardly be urged with reason that such adjustment is rendered impossible now by words

adopted in our Constitution from Magna Charta, which was operative in England when such adjustment was there so made. Thus in 1200, as the author points out, for harm done unintentionally and personally, no distinction was yet made as to negligence; an act was then either "intentional," or "unintentional"; and that this fitted the prevailing ethical notions of that time.

In 1500 came a sloughing off, of the primitive notion that a voluntary act causing harm was inevitably followed by civil responsibility, and a defendant might defend himself by appeal to some standard of moral blame or fault—such as "inevitable necessity"—America recognized that the precedents involved this in 1835 (see *Brown v. Kendall*, 6 Cush. 292, quoting *Vincent v. Stinehour*), but it was not settled in England until 1875, *Holmes v. Mather* (there it is not always a defence).

As regards self defence: It is shown that though in Crown cases in 1278, pardon was only granted by King's favor, by 1400 in civil cases it was a complete defence (14 H. VI. pl. 72.)

Infants and lunatics: Are still held civilly liable as late as 1611 (Bacon's Maxims VII) on ground that intent was immaterial.

As to Fires: Absolute responsibility in its strictest form continued until the legislature abolished responsibility for accidental fires in houses in 1712 (see *Tuberville v. Stamp*—1698).

As to animals: A liability existed—for biting and wounding—(excused by oath if vice unknown, except where animal naturally vicious, *Macon v. Keeling*. 1 Mod. 332, 1700),—for *land trespass*—the old absolute liability remained (except for cattle driven along the highway, the dog also being an exception. Doc. and Stud. 1718.)

Other classes of Acts. These are shown to have been affected by the principles—of liability, if act unlawful, for consequential damage (*Scott & Shepherd* 2 Wm. Bl. S. 93)—of doctrine, *sic utere tuo ut alienum non laedas*—of absence of right of action for, mere nonfeasance; so that "the action on the case for a mere negligent doing was of little consequence until the 1800's.

Rylands

v.

Fletcher.

By 1866 some of these other classes of acts, were grouped, under a phrase "at peril" old in the law, in a general category of classes of acts at peril (which gathered in, the other cases of absolute liability) by Mr. Justice Blackburn, in *Rylands v. Fletcher* L. R. I.

Exch. at 282, which imposed an absolute liability irrespective of negligence. The author points out that all American Courts have adopted consciously or unconsciously the principle of *Rylands v. Fletcher*, which furnished four main categories,—acts done wilfully,—at peril,—negligently,—and non-negligently,—with reference to that harm, though some have reduced its application to narrow limits.

The development of responsibility for harm done by servants and other agents—shows that in one specific case, *i. e.* for fire, the old strict absolute liability of the master continued through the 1600's (*Tuberville v. Stamp* 1 Ld.

Raymond 264 1698) though the "command or consent" test of responsibility had in other cases made way against his absolute civil responsibility, which test between 1700 and 1800 developed into an "implied command from a general command or authority."

This later test is shown to be an adaptation by the Court decisions, of the expediency required by change in conditions of industry and commerce (and the judges being content with "the policy of the rule" took refuge in the phrases—*qui facit per alium facit per se*, and *respondiat superior*). That test gave way to the present "scope of employment" test, and so illustrates a conscious effort to adjust the rules of laws to the expediency of mercantile affairs.—The author suggests that both theoretically and historically, the employment of a substitute "more or less at peril" may be demanded by public convenience.

**Current
English Law
Pollock 7.**

A leading writer on the subject of torts in England, Pollock, makes a group of wrongs, consisting of breaches of "absolute duties" attached to—fixed property—to certain public callings—and to custody and ownership of dangerous things, liability for which, results "partly from ancient rules of the common law and partly from the modern development of the law of negligence." He suggests reasons for the stringent liability in *Rylands v. Fletcher*, requiring a man to bring water on to his land "at his own risk" (p. 18 viz., "whether to avoid the difficulty of proving negligence, or only to sharpen men's precaution in hazardous matters," and for a similar liability for carriers and innkeepers ("a very ancient part of our law"): viz., "whatever the original reason as a matter of history it was quite unlike the 'reasons of policy,' governing the modern class of

Rylands

v.

Fletcher.

cases of which *Rylands v. Fletcher* is a type and leading authority and which must defend them as a part of, modern law if they can be defended at all." In discussing the cases where a strict duty has been imposed he says (p. 598) they have been consolidated by modern authorities on the ground of "the magnitude of danger" and the "difficulty of proving negligence," and adds that as laying down a positive rule of law "the decision of *Rylands v. Fletcher* is not open to criticism in England." It, he says, is based in part on evidently hazardous character of the state of things artificially maintained, in part assimilated to a nuisance, in part to old theory that a lawful voluntary act is "*prima facie* done at peril," which modern authorities do not encourage in England and have explicitly rejected in America (citing Nitroglycerine Case (1872)—15 Wall. 524, and *Brown v. Kendall* (1850)—6 Cush. 272).

**Other Cases of
Absolute
Responsibility.**

Among other cases of absolute, or all but absolute responsibility are cited—Cattle trespass: Owner bound to keep from straying "at his peril"; (an old and well settled head)—Owners of dangerous animals: liable for mischief without proof of negligence—Fire, firearms and noxious fluids: No English case (not a recognized exception) where "unsuccessful diligence held to exonerate"; Duty of keeping fire; "custom

of the realm must safely keep his fire" (author doubts whether negligence the gist of the action): Locomotives: late decisions, one who brings fire into dangerous proximity to his neighbor's property as engines on a railway, without express statutory authority (rule in case cited is expressly stated to be application of principle of *Rylands v. Fletcher*)—or a traction engine in a highway, does so "at his peril" (author doubts the historical foundation of the doctrine): Firearms: says *Dixon v. Bell* (5 M. & S. 198) decision amounts to, "only caution adequate in law is to abolish its dangerous character altogether":

Explosives: bound to notify danger in sending to a carrier, otherwise liable for damage, etc.—

**Acts at Peril.
Inevitable
Accident.**

For inevitable accident, from a lawful act done in a careful manner, after examination of the cases, he says that under the older authorities, a man acts at his peril and is liable for the consequence of his voluntary acts: Whereas modern law supports the view that inevitable accident is not a ground of liability.

**Holmes
Common Law**

In this work Mr. Justice Holmes says: "There are two views: a. Torts based on *Moral* wrong; or b. A man acts at his peril, and if damage ensue, if the act is voluntary, it is immaterial that 'not intended nor

due to negligence.'"

He examines the precedents in early cases, which apparently held an absolute liability for trespass, and suggests there are strong grounds for believing the decisions were founded on opinion that there was blame, and that consequently the common law has never known "the rule that a man acts at his peril," although he admits that it has been adopted by some of the greatest common law authorities. He calls attention to weighty decisions adverse to it and says that if such later cases are, however, innovations upon it, the change was *politic*.

**Beven on
Negligence.**

Beven examines the English cases and also the American decisions. He says of the two views, each view expresses an aspect of the true view, which is a combination of both.

After review of the cases he says it appears—that in not one of the cases cited is the rule that a man acts at his peril borne out in all its unqualified breadth. On the other hand, those cited in support of the laxer view are not inconsistent with those vouched for the more exigent.

He criticises the view of Justice Holmes that the doer of a lawful act is not liable in trespass. Beven's view is that Lawful Acts must be distinguished into:

1. Those absolute and obligatory duties—like the jailor's in *Bessey v. Olliot*.
2. Exercise of legal right, lawful so long as do not interfere with others—i.e., beating a dog in street for a previous fight—and
3. Things done under inducement to act,—separating his own dog fight-

ing (*Brown v. Kendall Case*)—"Trespassers to save life" on railway lines, who may recover, (as a duty which everyone owes to society). In other words, where action is more beneficial to the community than inaction, the law protects reasonably careful action with immunity.

He concludes that the law of England is settled by *Rylands v. Fletcher*; and is not that a man in all circumstances be "on the alert to avoid receiving injury," as would result from *Stanley v. Powell* being held good law.

Sher. & Rel.
on
Negligence.

In this work (note to s. 486 *et seq.*) in speaking of the duty of carriers is said: "the obligation of carriers of goods is absolute, their liability does not depend upon their being negligent."

NITROGLYCERINE CASE.

(15 Wallace 524—1872.)

After discussion of the general ignorance of this newly discovered substance on page 529, Mr. Justice Field on page 535 says: the lower court found that neither the defendant, nor any of their employees knew the contents of the case, or had any reason to suspect its dangerous character, and that they did not know anything about nitroglycerine, or that it was dangerous, and that there was no negligence in receiving the case, or in their failure to ascertain the dangerous character of the contents and in the handling of the case.

He says: "No one is responsible for injuries resulting from unavoidable accidents whilst engaged in a lawful business." After distinguishing the cases between passengers and carriers, for injuries, on the ground of "contract to carry safely," he says "here the case stands as one of unavoidable accident, for the consequences of which the defendants are not responsible. The consequences of all such accidents must be borne by the sufferers as his misfortune."

He says this principle is recognized and affirmed in a great variety of cases—fire originating in one man's building extending to the property of others; injuries caused by fire ignited by sparks from locomotives; or caused by horses running away; or by blasting rocks.

The rule deducible is that the measure of care against accident, to avoid responsibility, is that which a person of ordinary prudence would use. He goes on to say the direct or remote consequences may determine the form of the action, whether case or trespass, but cannot alter the principle upon which liability is enforced or predicated. He cites *Brown v. Kendall* 6 Cushing 295, (action was in trespass) and says that Chief Justice Shaw held defendant was doing a lawful act, and if while using due care injury occurred, defendant was not liable. He cites *Harvey v. Dunlap* Lalor's Reports 193, (action was trespass for throwing stone at plaintiff's daughter by which eye put out—it was accidental and was held plaintiff could not recover): He quotes Mr. Justice Nelson's remarks "No case of principle can be found, or if found can be maintained, subjecting an individual to liability for an act done without fault on his part,"—and adds "in this conclusion we all agree."

BROWN v. KENDALL.

(6 Cushing 292—1850.)

Facts: two dogs fighting in presence of masters; defendant took stick to separate them; plaintiff was looking on; stick accidentally hit plaintiff in the eye inflicting severe injury. Shaw C. J. "This is an action of trespass. . . . Facts preclude the supposition blow was intentional . . . damage was unintentional. The result of all the authorities is; that plaintiff must come prepared to show either that the intention was unlawful, or that the defendant was in fault. If then using due care he accidentally hit the plaintiff in the eye, this was result of pure accident, or involuntary or unavoidable, therefore the action would not lie.

A DIFFERENT VIEW OF THE COMMON LAW LIABILITY IS FOUND IN DECISIONS
OF CERTAIN OF THE STATES.

This is illustrated in 60th Ohio State 560, *Brad Glycerin Co. v. St. Mary Mfg. Co.*, the Syllabus (which is in Ohio made the law) says "Nitroglycerin is highly dangerous. And one who stores it on his own premises is liable for injuries to surrounding property by its explosion, although he neither violates any provision of the law regulating its storage, nor is chargeable with negligence contributing to the explosion."

The case distinguishes responsibility for steam boilers, from that for nitroglycerin, storing gun-powder, or blasting rocks, and says that public policy which seeks to secure the welfare of the many may demand a modification for boilers, of the strict rule of liability.

The case also specifically approves the doctrine in *Rylands v. Fletcher*, which it says has been approved in 106, 125 and 135 Mass., and in *Cahill v. Eastman*, 18 Minn. 324 (1871), which held the defendants liable without any negligence in construction and maintenance of a tunnel. That case examines at length the authorities and says as regards *Brown v. Kendall*, "the circumstances were such as to show plaintiff had taken the risk on himself, he voluntarily assumed a position, in which risk of collision was apparent."

ST. LOUIS, SAN FRANCISCO RY. v. MATHEWS.

(165 U. S. 1.)

(1896.)

In 165 U. S. 1, *Railway Co. v. Mathews* a statute of Missouri imposing an absolute liability upon railroads for fire was passed upon, and it was held that though imposing an absolute liability for doing a lawful act and conducting a lawful business in a careful manner, the statute did not violate the Constitution of the United States. The argument that it did, was met by tracing the history of the law regarding liability for fire. Mr. Justice Gray said that this country had not adopted generally the strict rule of the English Common Law, but the matter had been regulated by statute ever since the Massachusetts statute of 1631. He shows that in 1840, Massachusetts passed a statute making the liability of railroads absolute for fire, not dependent upon negligence, that in Vermont, Maine, New Hampshire, Con-

necticut, Colorado and South Carolina, similar statutes had been passed and after examination of decisions and authorities the following conclusions are reached:

First. England from earliest times held any one lighting a fire on his own premises to strictest accountability for damages by its spreading.

Second. Earliest statute which declared railroad corporation absolutely responsible independently of negligence for fire, was passed in Massachusetts, in 1840, soon after engines had become common.

Third. In England, then, undetermined whether railroad liable without negligence, as at common law, for fire, and result that it was not liable, after conflict of judicial opinion, only reached, when Parliament had expressly authorized corporation to use engines and had not declared it to be responsible.

Fourth. From 1840 validity of Massachusetts statute and similar statutes, upheld in every state of Union, in which question has arisen.

He adds that the constitutionality of such statutes has been assumed in 91 U. S. 492, and rests upon principles often affirmed by the Supreme Court. He then quotes Chief Justice Shaw (in *Com. v. Alger*) to the effect that it is a settled principle of well ordered society that every property may be regulated so that it shall not be injurious to the equal rights of others to their property, nor to rights of the community; and quotes from cases declaring the police power and the rights of a state in relation to charters of corporation.

He sums up the motives and risks which justify the legislation as follows: Fire a destructive element which when it has once gained headway can hardly be controlled. Railroads to carry out public object, authorized to use steam generated by fire. It is within the authority of legislature to make adequate provision for protecting the property of others against loss by sparks from engines. The right of the citizen not to have his property burned without compensation is no less to be regarded than the right of the corporation to set it on fire.

To require utmost diligence might not afford sufficient protection. When both parties equally faultless, legislature may properly consider it just that duty of insuring private property against loss by use of dangerous instruments should rest upon the railroad which employs the instrument and creates the peril for its own profit, rather than upon the owner of the property who has no control over or interest in those instruments.

In conclusion he says the statute is not penal, but it is purely remedial, making the party doing a lawful act for its own profit, liable in damage to the innocent party injured thereby. The statute is a constitutional and valid exercise of the legislative power of the State.

174 U. S. 96
Railroad
v.
Matthews.

In 174 U. S. 96, the Supreme Court held constitutional a statute of Kansas making fire, and damages, caused by operating the railroad, *prima facie* evidence of negligence against railroad, and allowing a reasonable attorney's fee as part of damages in a recovery under it, contributory negligence being considered in estimating damages.

Mr. Justice Brewer said the purpose is to secure the utmost care of railroad companies to prevent the escape of fire. Its monition is "see to it that no fire escapes from your locomotives, if it does you will be liable." The dangerous element employed and hazards to persons and property, arising from running of trains justifies such a law.

The Court cites a Kansas law of 1860, the effect of which was to change the rule of the common law, which gave redress only when the person setting fire did so through negligence, whereas this statute by mere fact of setting fire gave a right to recover damages.

In discussing the question whether prescribing a penalty without imposing a statutory duty to take precaution made a difference. The court said: "Our inquiry runs only to the matter of legislative power. If in order to accomplish a given beneficial result the legislature has power to prescribe a specific duty and punish a failure to comply therewith by a penalty, has it not equal power to prescribe the same penalty for failing to accomplish the same result, leaving to the corporation the selection of the means it deems best therefor. . . . We may think it better that legislation should be like that of Missouri, prescribing an absolute liability instead of that of Kansas, making the fact of fire, *prima facie* evidence of negligence, but . . . forms are matters of legislative consideration, results and power only are to be considered by the courts." Justice Brewer had referred to the Missouri statute held valid in *Ry. v. Mathews* 165 U. S. 1.

As regards the liability of carriers for damages.

183 U. S.

582.

v.

Zernicke

The Supreme Court held constitutional, the Nebraska Railroad incorporation law, requiring that railroads "shall be liable for all damages inflicted upon passengers, except from the *criminal* negligence of the person injured (or violation of regulation actually brought to his notice). Though the decision turned chiefly on the incorporation contract.

The Court said: Regarding as extending the rule of liability for injury to persons which the common law makes for the loss of or injury to things, the statute seems defensible. And it was upon this ground that the Supreme Court of the state defended and vindicated the statute.

The Court goes on to say: Our jurisprudence affords examples of legal liability without fault, and the deprivation of property without fault being attributable to its owner. The law of deodands was such an example. The personification of the ship in admiralty is another. Other examples are afforded in the liability of the husband for the torts of the wife,—the liability of a master for the acts of his servants.

A master is entirely without negligence, if an accident in his business be caused by the negligence of a competent fellow servant, yet statutes imposing responsibility on him for the negligence of fellow servants are upheld.

127 U. S.
205.
v.
Mackey.

In 127 U. S. 205, a statute of Kansas which made railroad companies responsible to their servants for negligence of their fellow servants, was upheld, as not violating the Fourteenth Amendment.

Mr. Justice Field when dealing with the contention that the law imposes a liability not previously existing and thus authorizes the taking of property without due pro-

cess of law, after discussing the right of the states to prescribe liabilities for corporations, he adds. . .

"The supposed hardship and injustice consist in imputing liability to the Company, where no personal wrong or negligence is chargeable to it, or to its directors. But the same hardship and injustice exist for injuries to passengers."

And in dealing with "equal protection of the laws" he says: "But the hazardous character of the business of operating a railway would seem to call for special legislation with respect to railroad corporations, having for its object the protection of their employees as well as the safety of the public. As said by the Court below, it is simply a question of legislative discretion whether the same liabilities shall be applied to carriers by canal and stage coaches and to persons and corporations using steam in manufactories."

These authorities seem to indicate that:

English Common Law started with absolute liability, irrespective of negligence, for harmful acts.

That such liability was modified from time to time by judicial decision and statute to suit the prevailing ideas of social policy. That in accordance with such social policy such absolute liability remained for certain classes of acts. That it exists to-day for the custody and ownership of dangerous things, such as fire. That a man acts at his peril in certain situations, such as in creating a dangerous reservoir on his land, (*Rylands v. Fletcher*), and that a rule of absolute liability is moreover attached to certain contractual relations and callings, such as carriers of goods and apparently innkeepers. In the United States, too, it is seen that the Supreme Courts of certain of the states have adopted the doctrine of *Rylands v. Fletcher*, and admitted the existence in their common law of instances of absolute liability, irrespective of negligence. That the Supreme Court of the United States in decisions later than the Nitroglycerin case, has given recognition to the fact that such instances of liability irrespective of negligence, exist under the English Common Law (*Zernicke Case*), and exist in the texture of our law (as in the rule of master's responsibility for competent agent's negligence). It will be seen also that state statutes imposing an absolute

liability have been upheld by the Supreme Court of the United States, citing as justification, reasons of policy, such as protection of employees and safety of the public (Mackey case), and the difficulty of proving negligence, and justice, (Mathews case—just when both parties equally faultless duty of insuring against loss should rest on railroad, which creates the peril for its own profit), under the police power, as well as under the power of a state over corporations.

From statements made by the Supreme Court, it would appear, too, that development of the law in accordance with the needs of the times is not to be discouraged.

It has recently been decided in the Employers' Liability cases (207 U. S. 463), that Congress has the power under the Commerce Clause to regulate the relations of master and servant in interstate and foreign commerce as regards accidents in that commerce. Can it then be doubted that the Supreme Court would uphold the power of Congress, if in so doing it should see fit to adopt a rule of absolute liability irrespective of negligence for accidents to employees incident to such commerce, a rule that the whole experience of the civilized world has adopted as both expedient and just—thereby discarding the rule which requires proof of negligence, which that experience has proved to be inexpedient and unjust.

If such a statute be held unconstitutional by the Supreme Court of the United States, it must be so held, it seems to me, on grounds other than its imposing a rule of absolute liability, irrespective of negligence.

PRINCIPLES OF SOUND EMPLOYERS' LIABILITY LEGISLATION

BY F. C. SCHWEDTMAN,

Chairman Committee on Employers' Liability, National Association of
Manufacturers.

As the head of a committee of the National Association of Manufacturers, I made an inquiry among twenty-five thousand American manufacturers a little more than a year ago. It indicated that more than ninety-five per cent of those answering were in favor of an equitable, automatic compensation system for injured workers and their dependents. Employers as a class are as anxious to change the present cruel, inefficient and inequitable system into a better one as any other class of progressive men. Enlightened employers, large and small, are doing splendid work in voluntarily establishing relief systems providing prompt medical and financial aid. Several hundreds of thousands of workmen are receiving the benefits of voluntary action on the part of employers and future progress will be more rapid than that of the past.

Thousands of interviews and letters convince me that many employers would welcome compulsory legislation on this subject, if only somebody could tell them how it is to be accomplished in a manner which is constitutional as well as just to all concerned. Such systems as those outlined by the representative of the United States Steel Company and other large concerns will not work with the same degree of satisfaction in small establishments.

Much credit is due every employer who has voluntarily attempted to solve this great question, but let us not judge harshly those employers who have not been able so far to see their way to acting voluntarily. Many small employers have neither the means nor the ability to inaugurate systems of their own, nor could they afford to work under such systems as outlined by the representatives of large and wealthy concerns.

To cover the just requirements of all employers, as well as of all workers, fundamental principles need to be laid down, upon which legislative action should be based and the following principles

cover the views of the majority of the members of the National Association of Manufacturers, and I hope will be officially adopted at the next annual convention.

While endeavoring to establish compulsory compensation legislation, the progressive employers of the country will continue to introduce voluntarily equitable relief and accident prevention systems for their injured workers.

The fundamental principles of sound legislation on this subject as I see them are as follows:

First.—All legislation must be for compensation. Every kind of employers' liability legislation has proven a failure in every civilized nation.

Second.—Compensation legislation must cover every wage worker. The man who, without his own fault, loses his hand in a farm machine is as much entitled to compensation as the engineer who loses his hand in an engine gear.

Third.—Compensation must be assured. It must be certain as the interest on United States bonds. This can only be accomplished through insurance, approved and preferably guaranteed by the state or national government. However, every safe method of such approved insurance should be permitted and none barred. State, mutual and stock insurance, as well as relief systems covering individual shops, must be permitted and encouraged under the law.

Fourth.—Compensation must be efficient. Not less than seventy-five cents, and preferably ninety cents, out of every dollar paid into the insurance fund, should be paid to injured workers or their dependents. To this end, litigation and solicitation expenses must be reduced to a minimum, and arbitration courts, or a simplified court procedure required for settlement of disputes.

Fifth.—Employers and employees are jointly responsible for all unpreventable accidents and should therefore jointly meet the compensation expenditures, the employer covering that part which is due to his fault and to the inherent hazard of the industry; the employee covering that part which arises from his fault.

Sixth.—Every injury except those due to criminal carelessness or drunkenness on the part of the worker should be compensated.

Seventh.—Humanity and efficiency demand that prevention of accidents is made of prime importance. Therefore, an efficient official inspection and statistical system which increases or decreases

insurance rates in proportion to the accident prevention activities of each individual establishment is essential.

Eighth.—Since the progressive individual usually provides voluntarily for reasonable accident compensation, it is right that the reactionary or selfish individual be compelled to do likewise, through universal compulsory insurance.

Ninth.—To prevent unfair competition between employers in different localities, it is necessary that compensation laws of the various states be reasonably uniform.

PROGRESS IN LEGISLATION CONCERNING INDUSTRIAL ACCIDENTS

BY GEORGE W. ANDERSON,
Boston, Mass.

After years of discussion, the case against our present American method of dealing with industrial accidents is fully made out; the difficulty is to agree upon an adequate and constitutional remedy. In this discussion the representatives of great employers of labor have been among the strongest advocates of remedial legislation. Already many of our great corporations have abandoned the negligence theory as being both unjust and inexpedient. In the large industries, voluntary arrangements between employers and employees have already accomplished much. It still remains, however, to apply the compelling process of the law to the many, particularly to the smaller employers, who still linger haltingly in the old morass of "due care" and "negligence."

Two main questions arise for present consideration:

1st: What may American Legislatures constitutionally do?

2d: Assuming freedom of choice, what is the system to choose?

Of actual remedial legislation there is little. Washington has just adopted a species of state insurance applicable to so-called "hazardous occupations." New Jersey has dealt with the problem by passing an act which takes away from the employers practically every defence known to the common law, providing also an elective compensation scheme, which compensation scheme is presumed to be a part of all contracts of hiring made subsequent to the act, unless the parties in writing otherwise expressly provide. Manifestly, this is an attempt to make subsequent hiring contracts conform to the legislative standard of a proper public policy, without explicitly and absolutely making employers liable for accidents due in no part to their fault. The legislative status in many other states, particularly in Minnesota, Wisconsin and Ohio, makes it probable that there may be further legislation before these notes are in print.

The legislative experience calling for most discussion is that of New York. In that state a very able commission made, in 1910,

a report which is one of the best, if not the very best, documents extant on industrial accidents. The recommendations of the commission, slightly amended, were enacted into law and approved by Governor (now Mr. Justice) Hughes. That law has just been declared unconstitutional by a unanimous opinion of the court of last resort in New York. The grounds of that decision naturally furnish a starting point for discussion of the constitutionality of remedial legislation.

I. *Constitutionality*

The gist of the New York Act was—to make the employer responsible in “intrinsically dangerous industries,” except when the victim was guilty of serious and wilful misconduct—adopting in these industries practically the rule of liability of the English Compensation Act. The New York Court of Appeals held that it was within the power of the Legislature to abolish the fellow-servant rule, the assumption-of-risk rule and the contributory-negligence rule; but held it unconstitutional to make the employer liable for an injury for which the employer was in no respect at fault. Chief Justice Cullen said: “I know of no principle on which one can be compelled to indemnify another for loss, unless it is based upon contractual obligation or fault.”

At the outset it is worth while to note that a liability act framed exactly in accordance with the opinion of these learned judges would be very nearly as broad in practical operation as the act held unconstitutional. Take away from the employer all these defenses of fellow-servant, assumption-of-risk and contributory-negligence, leave the employee his constitutional right of a jury trial, and the employers of New York will win no cases, except when the employee is guilty of serious and wilful misconduct. It is not a substantive and valuable right of the employer that the Court of Appeals has protected by this decision.

But, with all respect to the learned opinion of this great court of the Empire State, its reasoning does not convince. It is not true, and it never has been true, that the common law does not impose liability without either a contract or a fault. The doctrine, *respondet superior*, on fair analysis, goes precisely as far as the doctrine underlying the New York legislation. The employer who selects his employee with the greatest care and gives him the most

explicit directions as to the conduct of his business, is not guilty of "fault" when that employee, in utter disregard of the directions, negligently injures a stranger. The liability of that employer to the stranger is based neither "on contractual obligation" nor on "fault"; rather is it, as Chief Justice Shaw said in the *Farwell* case,¹ "The maxim *respondeat superior* is adopted in that case from general considerations of policy and security." A fault is the doing of something that one ought not to do, or the omitting to do something that one ought to do. The employer in the case stated is guilty of no sin of omission or commission. The only thing he has done which he might omit to do, is to employ. Society says: "From general principles of policy and security we will hold the employer liable for the employee's torts within the scope of the employment." The New York court brushes aside this general welfare principle by saying slightly, "The whole theory is expressed in the maxim, '*Qui facit per alium, facit per se.*'" It was Mr. Birrell, I think, who somewhere says, in substance, that lawyers, when sense and logic fail, resort to Latin maxims. His jibe is pertinent.

The laws of most of our states make a man liable to support not only his wife and his child, but his father and his grandfather.² Doubtless one might be held "to blame" for having a wife or a child, but it is not a fault to have a father or a grandfather; yet society takes our property to support our parents and grandparents.

If our constitution asserts a really logical individualism, a large share of our taxation is unconstitutional. At bottom there is no justification for taxing us to support the insane, the idle, the vicious, the unfortunate of all classes, except that the general welfare of society demands it, except that our public policy asserts that society owes every man, however useless or vicious, a living. No protectionist certainly can be heard to argue that the power of taxation may not be used for a purpose private as well as public, justifying it upon the theory that private profit is public advantage.

The New York court seems to have overlooked what is really the gist of the question. Somebody must bear the burden of the industrial accidents which are found to be an inevitable incident of modern industry. Manifestly, it is just that that burden should be thrown upon the consumer in the price of the product. Putting the

¹4 Metcalf, 56.

²Compare Revised Laws, Mass., c. 81, sec. 10.

liability upon the employer is nothing but a means, and apparently the most direct and efficient means, of making the price of the product include the cost (or a part of it) of the waste of the human tools necessarily employed in that production. The decision of the New York court is, therefore, that the legislature cannot, at least in the method adopted, make these hazardous industries self-supporting.

The New York court dissents from the doctrine of the Supreme Court of the United States in *Noble State Bank vs. Haskell*, 219 U. S. 104, in which, in an opinion recently written by Mr. Justice Holmes, that court unanimously held that the Oklahoma statute requiring compulsory insurance among state banks was constitutional.

Coming at this time, this decision of the Supreme Court of the United States is profoundly significant. The opinion is, perhaps, even more significant than the decision. The question was whether the Oklahoma statute, requiring the state banks to contribute to a depositors' guaranty fund, was depriving the solvent banks of their property without due process of law. It is obvious that such a law may, and indeed is intended to, require the solvent banks to pay, *pro tanto*, the debts of the insolvent banks. The law could doubtless have been supported as nothing but an amendment to the charters of the banks. But the court did not, in its opinion, put it upon that narrow ground. Rather did the court seem to take pains to assert a broader doctrine as to the limits of legislative power under the general welfare, or police power, clauses, than has ever before been asserted by the Supreme Court of the United States, and perhaps by any court of last resort in this country. Mr. Justice Holmes says, "We must be cautious about pressing the broad words of the Fourteenth Amendment to a dryly logical extreme. Many laws which it would be vain to ask the court to overthrow could be shown, easily enough, to transgress a scholastic interpretation of one or another of the great guaranties in the Bill of Rights. They more or less limit the liberty of the individual, or they diminish property to a certain extent. We have few scientifically certain criteria of legislation, and as it often is difficult to mark the line where what is called the police power of the states is limited by the Constitution of the United States, judges should be slow to read into the latter a *nolumus mutare* as against the law-making power."

. "Nevertheless, notwithstanding the logical form of the objection, *there are more powerful considerations on the other side.* In the first place, it is established by a series of cases that an *ulterior public advantage may justify a comparatively insignificant taking of private property for what, in its immediate purpose, is a private use.*" "And in the next, it would seem that there may be other cases beside the every-day one of taxation, in which the share of each party in the benefit of a scheme of mutual protection is sufficient compensation for the correlative burden that it is compelled to assume." "At least, if we have a case within the reasonable exercise of the police power as above explained, no more need be said. It may be said in a general way that the police power extends to all the great public needs. (*Canfield vs. United States*, 167 U. S. 518, 42 L. Ed. 260, 17 Sup. Ct. Rep. 864.) It may be put forth in aid of what is sanctioned by usage, or held by the prevailing morality or strong and preponderant opinion to be greatly and immediately necessary to the public welfare. Among matters of that sort probably few would doubt that both usage and preponderant opinion give their sanction to enforcing the primary conditions of successful commerce." (Italics mine.)

Of this opinion, and of two other recent similar decisions by the Supreme Court of the United States, the New York court said, "We cannot recognize them as controlling of our construction of our own constitution. . . . All that it is necessary to affirm in the case before us is that in our view of the constitution of our state, the liability sought to be imposed upon employers enumerated in the statute before us is a taking of property without due process of law, and the statute is, therefore, void." This is a plain declaration that the New York Court of Appeals, as now constituted, will not sustain as constitutional such legislation as the Supreme Court of the United States holds valid.

The position now taken by the Supreme Court of the United States, as now constituted, is the more significant when one considers certain historical incidents, and particularly the historical incident of the attitude of Mr. Justice Holmes on the proper dividing line between legislative powers and judicial powers, as shown by his opinions for twenty years.

In 1891, the Supreme Judicial Court of Massachusetts held unconstitutional the Weavers' Fine Bill, prohibiting the imposing of

finer as a penalty for alleged imperfect weaving. No other case in Massachusetts slants so strongly towards the fashionable modern doctrine of giving to our courts of last resort a veto power on legislation which has passed both legislative bodies and been approved by the executive, thus making our courts, in effect, a fourth legislative body. In his dissenting opinion, Mr. Justice Holmes took strong grounds against any such assumption of power by the courts. He said, "So far as has been pointed out to me, I do not see that it interferes with the right of acquiring, possessing and protecting property any more than the laws against usury or gaming. In truth, I do not think that that clause of the Bill of Rights has any application. It might be urged, perhaps, that the power to make reasonable laws impliedly prohibits the making of unreasonable ones, and that this law is unreasonable. If I assume that this construction of the constitution is correct, and that, speaking as a political economist, I should agree in condemning the law, *still I should not be willing or think myself authorized to overturn legislation on that ground, unless I thought that an honest difference of opinion was impossible, or pretty nearly so.*" "I cannot pronounce the legislation void as based on a false assumption, since I know nothing about the matter one way or the other." (Italics mine.)

One of the most noteworthy of these minority opinions is his dissent in the New York *bake-shop case*,³ in which, inter alia, he said, "This case is decided upon an economic theory which a large part of the country does not entertain. If it were a question whether I agreed with that theory, I should desire to study it further and long before making up my mind. But *I do not conceive that to be my duty, because I strongly believe that my agreement or disagreement has nothing to do with the right of a majority to embody their opinions in law.* It is settled by various decisions of this court that state constitutions and state laws may regulate life in many ways which we as legislators might think as injudicious or if you like as tyrannical as this, and which equally with this interfere with the liberty to contract. Sunday laws and usury laws are ancient samples. A more modern one is the prohibition of lotteries. The liberty of the citizen to do as he likes so long as he does not interfere with the liberty of others to do the same, which has been a shibboleth for some well-known writers, is interfered

³*Lochner vs. N. Y.*, 198 U. S., 45, 74.

with by school laws, by the post-office law, by every state or municipal institution which takes his money for purposes thought desirable, whether he likes it or not. The Fourteenth Amendment does not enact Mr. Herbert Spencer's Social Statics. The other day we sustained the Massachusetts Vaccination law. (*Jacobson vs. Massachusetts*, 197 U. S. 11.) United States and state statutes and decisions cutting down the liberty to contract by way of combination are familiar to this court. (*Northern Securities Co. vs. United States*, 193 U. S. 197.) Two years ago we upheld the prohibition of sales of stock on margins or for future delivery in the constitution of California. (*Otis vs. Parker*, 187 U. S. 606.) The decision sustaining an eight-hour law for miners is still recent. (*Holden vs. Hardy*, 169 U. S. 366.) Some of these laws embody convictions or prejudices which judges are likely to share. Some may not. But a constitution is not intended to embody a particular economic theory, whether of paternalism and the organic relation of the citizen to the state or of laissez faire. It is made for people of fundamentally differing views, and the accident of our finding certain opinions natural and familiar or novel and even shocking, ought not to conclude our judgment upon the question whether statutes embodying them conflict with the Constitution of the United States."

The simple truth is that the Supreme Court of the United States has in some cases, and the courts of last resort of some of the states have in rather numerous cases—been sitting as American "Houses of Lords," reviewing, and frequently vetoing, legislation which the more representative bodies have enacted.

In the New York bake-shop, the Supreme Court of the United States held, by a bare majority, that it was unconstitutional to prohibit men from working over ten hours a day in the bake-shops of New York. In the Oregon case⁴ the same court unanimously held that it was constitutional for the Oregon Legislature to prohibit women from working in certain factories more than ten hours a day. This amounted to saying that in the New York case the Supreme Court thought that it was sound public policy to permit men to work more than ten hours a day, and in the Oregon case that it was sound public policy not to permit women to work more than ten hours a day. But this is a pure question of legislative fact, to be determined by the legislature, and in no proper sense a judicial or constitutional question at all.

⁴*Muller vs. Oregon*, 208 U. S. 411.

Our courts of last resort have always held restrictions upon contracts to be constitutional if they approved of the restrictions. They have strongly tended to hold them unconstitutional if they disapproved of the restrictions. Whenever what are sometimes called the "moral forces" of the country demand a certain kind of legislation; for instance, the restriction of the liquor traffic, the prohibition of lotteries and various other forms of gambling, the courts have had little difficulty in holding such restrictions valid. The difficulty with legislation for workmen's compensation is that a large share of our judges have utterly failed to grasp the economic and industrial facts underlying the problem, and therefore tend to arrogate to themselves legislative functions which do not belong to them. The fundamental difficulty is that the courts have usurped legislative functions. The true rule is, as stated by Mr. Justice Holmes, "Where there is, or generally is believed to be, an important ground of public policy for restraint, the constitution does not forbid it, whether this court agrees or disagrees with the policy pursued." ⁵

As a historical fact, the founders of our government probably never intended to subordinate the executive and legislative branches of our government to the judicial, by permitting the judiciary to nullify the acts of the legislature or of the executive as unconstitutional. But, assuming that it is now the settled American policy that the judiciary is the constitution-enforcing power, it will never be the American policy that the judiciary shall determine legislative questions turning upon questions of fact as to which the court is often entirely ignorant, and which it has no proper means of bringing before it.

Mr. Brandeis won the Oregon ten-hour-law case because he put before the Supreme Court evidence in the form of a brief bearing upon industrial, physiological and economic conditions as to women, eminently fit to be put before a legislative committee, but, in proper perspective, having no rightful place in the argument of a constitutional question before the greatest court on earth.

No one has been more sensitive to this increasing encroachment of the judiciary upon the legislative branch than have some of our judges. It can be no mere accident that this opinion of the Supreme Court of the United States in the Oklahoma case, coming shortly after its substantial reorganization, has laid a broader and deeper

⁵*Adair vs. United States*, 208 U. S. 161, at 191.

foundation for the general welfare power than has been hitherto thought to exist. It is impossible to escape the conviction that the Supreme Court of the United States would easily have held constitutional the statute that the New York Court of Appeals has declared unconstitutional.

In Massachusetts, on the whole, the tendency of the courts has been not to exaggerate their power of overturning deliberate and important acts of the legislature as unconstitutional. Yet, even in Massachusetts, an eminent attorney general had occasion to point out in his annual report as early as 1894, that, "Within the last four years more statutes have been declared unconstitutional than in the first seventy years under the constitution," and to set forth in the same report the following:

"The legislature cannot be unmindful of its own responsibility to guard against unconstitutional enactments; a responsibility which cannot be devolved upon the judiciary and ought not to be shared with it. On the other hand, an eminent judge long ago said, foreseeing the absolute importance of preserving the right equipoise of power between the different departments of the government, 'The interference of the judiciary with legislative acts, if frequent or on dubious grounds, might occasion so great a jealousy of this power and so general a prejudice against it as to lead to measures ending in the total overthrow of the independence of the judges, and so of the best preservative of the Constitution. The validity of a law ought not, then, to be questioned unless it is so obviously repugnant to the Constitution that when pointed out by the judges, all men of sense and reflection in the community may perceive the repugnancy. By such a cautious exercise of this judicial check, no jealousy of it will be excited, the public confidence in it will be promoted, and its salutary effects be justly and fully appreciated.'"

Recent decisions of the Massachusetts court do not indicate that that court as now constituted will easily or carelessly hold legislation unconstitutional; rather the contrary, as shown by a recent decision limiting the assignment of wages without the written assent of the employer and, if the employee was married, without the written assent of his wife—thus establishing, arguably at least, a double guardianship over the employee. But our court, in an opinion written by the present Chief Justice,⁶ held that the statute was within the constitutional power of the legislature, as the legislature "might adopt this form of regulation as salutary in its application to most members of the class with which they were dealing."

⁶*Mutual Loan Co. vs. Martell*, 200 Mass. 482.

The form that remedial legislation for industrial accidents shall ultimately take must be determined by the sound public opinion of the American people, and not by the "drily logical" reasoning processes of certain learned judges, many of whom know more of the contents of the Year Books than they do of the conditions of modern industry. Doubtless certain courts will continue to attempt to sit as Houses of Lords, but in the long run these attempts will be failures. It should be assumed that our constitutions, national and state, do not limit honest and intelligent attempts to deal with this great economic and social evil.

Nothing worth while will be accomplished if American legislatures do not assume their proper responsibility in determining the proper American policy in dealing with industrial accidents. It is profoundly important that our legislatures should assert their paramount right to determine finally all questions which are in truth legislative and not judicial.

II. *The Form of the Remedy*

Second. The Form of the Remedy:

Broadly speaking, proposed legislation in America follows one of two models:

(a) The English model, which is in effect an extended Employers' Liability Act.

(b) The German model, which deals with industrial accidents as one of the inevitable risks of life and requiring compulsory insurance.

(a) Naturally, and for good reasons if the principle is sound, the tendency in America is to follow the English model. But it will be unfortunate if we do follow that model in dealing with industrial accidents. The English act has, broadly speaking, not been a success. This is not saying that the English Compensation Act has not created conditions better than formerly existed, and far better than those which now exist in America. It is saying that that Act is based in large part upon a wrong principle, and is less successful than the German act.

The English, like ourselves, are obsessed with theories of individualism utterly unadapted to modern conditions. In fact, our modern conditions are those of feudalism. This is not the place to elaborate the comparison, but most careful observers recognize that

the modern factory system is as feudalistic as the mediaeval land-holding system: the few are placed in positions of power where they may, and do, control the conditions and means of livelihood of the many. Our competitive "freedom" is not a freedom which enables the many to determine their conditions of labor or to insure to themselves their fair proportion of the product.

But when the English, in the late 70's, recognized the ghastly injustice of the common law in dealing with industrial accidents, they refused to recognize that the risk of industrial accidents was one of several risks that the employee does not, and cannot, guard himself against; the other risks—equally destructive of wholesome and happy living—being the risks of sickness, of early death, and of a non-productive old age. Their Employers' Liability Act of 1880 simply took away from the employer some of the defenses that judge-made law had created for the employers' benefit. It was a failure. Mr. Chamberlain said it should be called the Lawyers' Employment Act.

In 1897 their Compensation Act took away from the employers all defenses except that the accident was caused by the wilful and serious misconduct of the injured employee. But neither the Compensation Act of 1897 nor its subsequent amendments in 1900 and 1906 provided any insurance scheme for pro-rating and equalizing the losses accruing from industrial accidents, either among the employers or between the employers and the employees. It assumed that employers whose business interests were not large enough to enable them to carry their own risks, would secure themselves, and indirectly their possibly injured employees, by obtaining insurance from the private liability companies which had come into existence after the passage of the Employers' Liability Act of 1880. The result is that in England substantially all the small employers now insure in these private liability companies engaged in this ghastly traffic in life and limb purely for profit. The accident business never has been, and never can be, properly administered by an outside company intervening between employer and employee and finding its profit in preventing the victims from obtaining any (or adequate) relief. The insurance adjuster is the correlative of the ambulance chaser; both are, viewed in proper perspective, parasites—creators of strife and inhumanity; both should be eliminated before industrial accidents can be humanely and economically dealt with.

The English Compensation Act has not decreased litigation—it has increased it. It has not, so far as can be ascertained, tended to decrease the number of accidents; except in rare cases, the employer paying a flat rate for his insurance gives no more attention than formerly to safety devices; the companies, being engaged as they are in a somewhat violent competition for patronage, dare not—and do not—enforce safe-guarding methods and devices.

Nor is the English Compensation Act in any way correlated with the widespread and benevolent work of the Friendly Societies and other voluntary organizations paying benefits to injured or otherwise disabled workmen. The English have already legislated with relation to old-age pensions, and are struggling with non-employment, a far more difficult question. But their legislation has been, broadly speaking, patch-work; and patch-work mainly because they refused to face the facts that the great multitude of their people are living under a wage system which leaves them, as individuals, no margin to provide against the risks of accident, sickness, early death or unproductive old age.

Some one has said that the essential difference between the English mind (and ours is the English mind) and the German mind, is that the German mind ascertains facts and, having ascertained them, respects them; that the English mind cares only for theories; if the facts do not accord, so much the worse for the facts.

(b) The Germans in the early 80's faced, they did not blink at, the facts of our industrial organization, and provided for industrial accidents simply as a part of a general scheme of workmen's insurance. There is no other logical, efficient and proper way with which to deal with it. So dealt with, the difficulties are great enough; and no perfect system has yet been devised in Germany. But it is beyond question that to-day Germany has the most efficient and the most humane industrial system of any of the great nations. The relations between employer and employee have been improved. The number of the permanently injured has been diminished. The tendency is almost certainly to a diminution of the number of accidents. But the important thing is that their system is upon a proper logical and industrial basis. It deals with the problem of industrial accidents as an insurance problem and not as a fault problem. It recognizes that accidents, whether due to the employer's fault, employee's fault, the risks of the business or a combination of causes

known and unknown, are certain to happen, and that their happening is an event of social importance, not a mere individual misfortune. It deals with these risks of life, just as the Germans and ourselves have dealt with education, as a great social need. It recognizes that even if the employees could, as they cannot, be made to see the desirability of insurance, that the cost of solicitation in the absence of compulsion would throw an intolerable burden upon the working classes even if otherwise, and there are a few hopeful precedents, we could get insurance companies economically organized and managed; that the cheapest and most efficient insurance solicitor is the "Thou shalt" of the law.

The state must recognize that insurance is as much a necessity for social welfare as education is a necessity. It is a matter of detail whether the employer shall be compelled to insure his employee against some or all of the accidents arising out of the employment, or whether the employee be compelled to insure himself. The important thing is to cut loose once and for all from the theory that accidents are to be dealt with solely upon the basis of the fault of either employer or employee, or the fault of both.

The theory of individualism is that each person should take care of himself, and that society will profit out of his so caring for himself. The theory fails. The sound theory of "collectivism," or whatever one chooses to call it, is that, within certain proper limits, the mass of the people must be compelled to take care of themselves, by co-operating, so as to equalize and pro-rate risks which, borne where they fall, work destruction, cause barbarism, are intolerable; but which, pro-rated and equalized by a proper insurance system, constitute a burden easily carried.

NEW JERSEY EMPLOYERS' LIABILITY AND WORKMEN'S COMPENSATION LAW

BY WILLIAM B. DICKSON,

Formerly First Vice-President United States Steel Corporation.

In discussing this subject of "Employers' Liability and Workmen's Compensation," I will not attempt to review the past nor to indicate the steps by which this important subject has been brought so prominently before the American people. The evils of the old system are generally recognized and admitted by intelligent employers. That public opinion has been thoroughly aroused is evident from the fact that in ten states commissions have been appointed by the governors or legislatures to study these questions and recommend legislation.

In April, 1910, Governor Fort, of New Jersey, acting under a joint resolution of the Legislature, appointed a commission to inquire into and recommend legislation on the subject of employers' liability. This commission, of which I had the honor to be president, was composed of two employers, two representatives of labor, and two legislators; one each from the House and the Senate.

In January of this year, the commission presented their report, accompanying it with a proposed bill on employers' liability and workmen's compensation. This bill passed in the Senate by a vote of sixteen to one, and on Monday of this week (April 3, 1911), passed in the house by the remarkable vote of fifty-four to nothing, and was signed by Governor Wilson on Tuesday, April 4.

New Jersey has thus given a notable lesson in non-partisan legislation. The commission was appointed by the Republican Governor, Fort. The commission's bill was passed by a Republican Senate by a vote of sixteen to one, and then by a Democratic House by a vote of fifty-four to nothing. Last, but not least, it was signed by that great representative of true democratic principles, Governor Wilson. I am by tradition a republican, but if the democratic party can produce and will sustain leaders such as Governor Wilson in New Jersey and Francis Lynde Stetson in New York, I can imagine no more inspiring career for the young

man ambitious to serve his country than to fall in behind and keep step with such men.

The bill is divided into three sections and may be briefly outlined as follows:

Section I

This section deals entirely with modifications of the present law. It retains the proviso that the negligence of the employer must be shown to have been the natural and proximate cause of the injury. This proviso was retained, not because the commission did not believe in compulsory compensation, but because the weight of legal opinion received in reply to inquiries, was against the constitutionality of any plan whereby an employer would be compelled to compensate an injured workman regardless of his (the employer's) fault or negligence. The wisdom of this conclusion has since been demonstrated by the recent decision of the New York courts, declaring the New York act in this respect to be unconstitutional, even in the hazardous trades.

The New Jersey elective scheme differs from that of New York in an essential feature, in that the election must be made at the time of hiring; whereas, in New York, it is made after the accident. As a result, I am informed that the New York law has been practically a dead letter, as the workmen have naturally elected to sue under common law rights. In New Jersey, if the workman at the time of hiring refuses to accept a compensation law which the legislature has declared to be equitable, the employer can refuse to hire him, and in doing so will no doubt be sustained by public opinion.

Section I, however, modifies the present law of employers' liability by entirely abrogating the two old defenses, usually known as "fellow servant" and "assumption of risk." It also modifies the law of "contributory negligence" by providing that the employer must prove that the negligence of the employee was "wilful." This term is defined in the bill as (1) "Deliberate act or deliberate failure to act, or, (2) such conduct as evidences reckless indifference to safety, or, (3) intoxication."

It will be observed that this section deals entirely with the liability of the employer, and, standing alone, strips the employer of those defenses which in the past have been of the greatest value

to him in defending suits at law. The members of the commission were unanimous in their opinion that, regardless of any other legislation, the above modifications in the present law should be made, for the following reasons:

1st.—The defense of “fellow servant.” In the great majority of cases, the employee has no voice in the selection of his fellow servants, and the mere fact of having the same employer should not, *in itself*, release the employer from a liability which he would otherwise incur. The injustice of this rule may be illustrated thus: An accident occurs, due to the act of an employee, which results in the injury of a fellow employee, and also of an outsider in no way connected with the work. The outsider may, and often does, secure redress, while the employee is barred solely on account of his being a fellow servant.

2d.—The defense of “assumption of risk.” While theoretically, a workman may be presumed to have a choice in the selection of his employment, and to have carefully weighed the risks naturally inherent therein before going to work, as a matter of fact, in the vast majority of cases the choice is narrowed down to the acceptance of such risks or no work.

In this connection, the objection has been made by some employers that, for extra hazardous work, extra wages are paid. An instance was cited where riveters in a shop were paid \$3.00 per day, while men doing the same work in the erection of high steel buildings were paid \$6.00. The commission’s view of this objection was that in the case of the workman on the high building, he was placing his life and limbs in jeopardy every minute of the day, and this should be a sufficient offset to the extra wage without asking him to throw into the scale also the future welfare of those naturally dependent on him.

3d.—The defense of “contributory negligence.” The commission recognized the fact that this defense is founded on principles of justice. As the law now stands, however, any degree of negligence on the part of the employee was sufficient to bar his action, even though the employer was also guilty of negligence. In order to prevent injustice by the non-suiting of an injured employee on a mere technicality, i. e., where his negligence is relatively trivial, the commission incorporated in their proposed bill a provision that the employer must prove “wilful negligence” on the part of the employee.

In suggesting these modifications in the present law, the commission intended primarily to abolish these obsolete defenses because of their inherent injustice. Incidentally, however, the removal of these defenses leaves the employer in a less tenable position in ordinary suits at law, and he will therefore naturally be more willing to assent to the provisions of Section II.

Section II

This section contains an elective system of workmen's compensation and is made as nearly as possible automatic and universal by providing that every contract of hiring, express or implied, shall be presumed to have been made with reference to the provisions of this section, unless either party has notified the other in writing of his intention to continue under his common and statute law rights, as expressed in Section I. Then follows the schedule of compensation, which may be briefly summarized as follows:

For temporary disability—50 per cent of wages. For disability total and permanent—50 per cent of wages for 400 weeks. For disability partial and permanent—A schedule of definite injuries has been prepared covering as nearly as practicable the most common and obvious forms of injury. The compensation is half wages, ranging from five weeks for the loss of one joint of a toe, up to two hundred (200) weeks for an arm. For death, the compensation is based on the number and relationship of actual dependents, but is distributed, in case of no will, in accordance with the intestate laws of the state. The maximum in all cases, including death, is \$10.00 per week for 300 weeks, except in case of total permanent disability, when payment is extended to 400 weeks. This bill applies to all employments, including domestic service, the only exception being "casual employments."

Section III

This section deals principally with definitions, but aside from these has one paragraph to which the commission attaches great importance, i. e., a proviso that Sections I and II are declared to be inseparable, and if any essential part of either section be declared unconstitutional, so that the whole of such section must fall, the other section must fall with it and not stand alone. In framing this clause, the commission had in mind the situation which exists to-day

in Ohio, where a law has been passed which simply removes the employer's present defenses. Laboring under this handicap, the Ohio employers are now striving to influence pending legislation, which will provide for workmen's compensation, but, of course, they cannot hope to wield as much influence as before the defenses were abrogated.

The New Jersey Commission, while unanimously of the opinion that the two defenses of "fellow servant" and "assumption of risk" should be entirely abrogated, and that of "contributory negligence" materially modified, have tried to deal with the whole subject in a practical and businesslike manner, by incorporating in the same bill the removal of these defenses and the schedule of compensation. Their aim has been, not to strip the employer of his defenses without giving him a harbor of refuge, and by the proviso mentioned, these two ideas are made to stand or fall together.

The one weak point in most of the legislation proposed in the various states, including New Jersey, is the fact that, in the last analysis, the payment of the compensation, even after the amount has been agreed upon, is dependent on the continued solvency of the employer. This condition will probably be met, partially, at least, by legislation permitting the transfer of the liability to the company insuring the employer, providing that such company is approved by the State Commissioner of Insurance.

The commission confidently expects that the elective section of the act will be generally accepted by both employers and employees, for the following reasons:

BY THE EMPLOYER: 1st—Because his liability is limited, and he is thus relieved of the danger of harassing lawsuits for excessive damages.

2d—By reason of the abrogation of two defenses and modification of another, the position of the employer who refuses to accept the elective law will be less tenable.

3d—Because he can in a large measure add the expense to cost of manufacture and recover it in his selling price.

4th—Because he can readily insure his liability.

BY THE EMPLOYEE: 1st—The practical certainty of settlement in accordance with the schedule, as against the uncertainty of an appeal to common law rights.

2d—Promptness in settlement, as against the "law's delay."

3d—All the money is paid to the injured person, as against the heavy attorney's fees and court expenses of the suit at law.

In the various hearings on the proposed bill, the one feature which has impressed me most has been the evident fear on the part of the small manufacturer, or employer, that the bill will impose unusual burdens on him. It seems to me that the answer to this is that he can protect himself by insurance. That the cost of insurance under existing systems is excessive, I believe to be true, but that is not the worst feature. Heretofore, the aim of the employer has been to seek by insurance to minimize the outlay, and the welfare of the injured, or his dependents, has not been a factor in the problem. The present system simply shifts the fight against the injured employee from the employer to the insurance company, which throws the whole force of its trained legal organization and its financial resources, against the inexperienced, ignorant, or otherwise helpless injured employee. In fact, the whole aim of the insurance company has been to use every legal device to avoid payments to victims of accidents.

That they have been fairly successful in attaining this object would seem to be indicated by the report of the New York Commission, which shows from statistics of nine companies that on an average only 36.34 per cent of that which employers pay in premiums is paid in settlements of claims and suits. This is clearly a great economic waste.

The remedy lies in the organization of one or more mutual accident insurance companies, conducted along the same lines as have been so conspicuously successful in the factory mutual fire insurance companies, which have been operating for the past sixty years in New England. The first purpose of these companies has been to prevent fires. They not only advise their members just what must be done to prevent fires by methods of construction and maintenance, but they go further and refuse to admit to membership any factory which will not conform to their high standards.

The result has been a reduction in the cost of fire insurance from \$2.50 per \$100.00 to 7.17 cents, which latter figure is the average yearly cost for the past thirteen years. The adoption of this system will fully protect the small employer, and will at the same time attack the problem at the right end by reducing the number of accidents, which, after all, is the great desideratum. I

venture the opinion, with all due respect to our friends the insurance men, that in the near future it will be repugnant to an aroused and enlightened social conscience, that the insurance of injured workmen should be a source of profit to any one.

Imitation is the sincerest form of flattery. I have here a draft of an act which, within the past week, has been presented to the Pennsylvania legislature by men affiliated with the labor interests of your state. This act is practically a duplicate of the New Jersey one; the only changes being minor ones to make it conform to the local conditions.

This New Jersey bill is probably the most advanced legislation on this subject in this country. Personally, however, I am convinced, from my study of the subject, that even this bill, while a distinct advance, does not provide a permanent solution of the problems involved. This, in my judgment must come through a system of state insurance, which shall be compulsory, both on the employer and the employee. Before such a plan can be adopted in this country, it would seem that the federal and state constitutions must be amended.

NEW JERSEY EMPLOYERS' LIABILITY ACT

BY HON. WALTER E. EDGE,
Of the New Jersey State Legislature.

It has been almost inconceivable to me that this country of ours, so advanced in practically every other problem that it undertakes to solve, has been apparently so backward in what should appeal, and I believe does appeal, to mankind and womankind as the most important social problem of the day, that of the settlement of employers' liability, or the payment of workmen's compensation.

In New Jersey, as in other states, we have been battling with this problem for a number of years, and through legislative enactment about a year ago a commission was appointed by Governor Fort to study the subject and report their conclusions accompanied by a suggested act for legislative consideration. It has been my pleasure to serve on that commission, and during the present session of the Legislature to stand sponsor for a bill which has passed the Legislature with the support of both great political parties and has received the approval of Governor Woodrow Wilson. We believe this measure the most advanced, along these lines, yet attempted in this country.

During our investigation of this subject I was particularly impressed with the apparent lack of knowledge on the part of successful employers of labor as to the relative difference between employers' liability legislation and that embodying the principle of workmen's compensation. When employers' liability is considered, it matters not what the legislation may be, whether it removes many of the present obsolete defenses of the employer, or whether it adds to his defenses, the economic result is just the same, inasmuch as with employers' liability the method of settling disputes between master and servant results inevitably in war and litigation. On the other hand, with the complete setting aside of employers' liability and the substitution of a fair workmen's compensation law, acting automatically, the result is industrial peace.

It is generally conceded that 20 per cent of all litigation to-day, clogging the machinery of our courts, consists of suits between em-

ployer and employee; and certainly removing so much of this uncertainty and contest is in the interest of a developed, enlightened government. Unfortunately the constitutions of most of our states make it doubtful whether a compulsory compensation act can stand the test of the courts. Even by broadening or expanding as far as possible the police power, a compulsory law is still very questionable. The recent decision in New York State accentuates and emphasizes this belief.

We believe that we have not trespassed upon the constitution to the extent that the Supreme Court of New Jersey will declare the bill just signed by Governor Wilson unconstitutional. We contend that we give the right of trial by jury if either the employer or employee so elects; we have not taken away court trials, if they so elect; we have unquestionably removed, and so they should be removed, many of the defenses existing under present law, namely, assumption of risk, fellow servant doctrine, and to some extent modified the contributory negligence defense. I contend that that should be done away with, as a matter of common sense justice.

In doing that we have attached an employers' liability section to our workmen's compensation act, believing that with the removal of these defenses, the average employer will elect to act under the compensation feature of the act. We want him to. We would do just as New York tried to do, if the constitution would allow a compulsory compensation act, but we appreciate perfectly well, and we appreciate it all the more since the New York decision, that that would be unwise, and the presupposed result would be that we have nothing, no law at all. Organized labor, on the other hand, if sincere, and I believe it is, will also elect the compensation feature of this act. The Allied Federations in New Jersey unanimously passed favorable resolutions to this particular act. They have practically announced, through resolutions they have passed, that they propose, so far as organized labor can control that situation, to accept compensation and to be absolutely fair to the employer.

Our act makes it necessary for this election to be made before the accident occurs; in other words, we do not believe that it is fair that the employer should be under double liability of court trial and automatic compensation, so we believe in the scheme that we have worked out that we have practically enacted a compulsory workmen's compensation act, compulsory in terms, and it will be so

regarded by employers and employees, and yet we have not, so far as the constitutional requirements are concerned, taken away the absolute right of trial, if either party so elect before the accident occurred. I think that that is a different form from any yet enacted, and I am particularly happy that that state is New Jersey, and we will give employers all through this country an opportunity to see an act actually in operation and see just what the results are under that act, how expensive, how high the liability insurance may be under a direct compensation act. In other words, before we attempt to amend the Constitution of the United States, and the constitution of every state, the operation of just such an act as this will be of great benefit in helping to solve this problem from an American standpoint.

At first blush the employers in New Jersey were inclined to oppose the measure and the employees to favor it, but as the idea has been more generally explained and understood we find some of our largest employers frankly agreeing that ultimately they will be better off not to be compelled to defend law-suits, but to have a fixed sum of payment covering all classes of accident, irrespective of the question of negligence; and that ultimately the compensation paid under this act will naturally be distributed, just where it belongs, on the consuming public.

In other words, American citizenship and humanity does not allow an injured man to walk about the streets uncared for; as, at great expense, the public is maintaining, mainly through charity, many institutions to properly look after unfortunate people. The public is paying this bill. Is it not then very much better to remove 20 per cent of the litigation of to-day and by natural economic law distribute the extra cost, if it is an extra cost, among the manufacturers and finally among the consumers, thus equably disposing of this perplexing question?

The time the injured man needs help is when the accident occurs, when his family requires assistance, and not after years of litigation. Litigation is most expensive to both employer and employee, and the majority of cases are taken on the part of the plaintiff by a lawyer on a contingent basis, so that even though a verdict is awarded in favor of the injured it has usually dwindled by the time it is received to less than 25 per cent of the actual money now so expended by employers of labor.

Again, it is an appalling fact that in America our ratio of accident and death in industrial employment is from two to five times as great as in countries abroad. It is reasonable to assume that workmen's compensation acts in general operation in America would result in manufacturers using more care to place in operation accident preventive devices and protection of all kind in their shops and factories. Many employers would naturally insure, as they do now, and their rate of insurance would unquestionably be computed just as is fire insurance, the care and attention they give to details reducing the risk. All this would naturally tend to reduce the ratio of accident and, after all is said and done, there is nothing so important in the consideration of this great question as, first, to reduce, if possible, this terrible cost, now charged to American industrial life.

Compensation laws must necessarily have the effect of reducing the friction and combat between employer and employee. To-day, when an accident occurs, it means, in many cases, a legal contest for damages. With an automatic compensation act this friction and antagonism is eliminated and industrial life is thereby vastly benefited.

The law's delay is another of the penalties of the present litigating system, and particularly important is the prevention of this terrific waste. It has been conclusively demonstrated that, of the millions of dollars now paid by employers for insurance against accident, in the final analysis only 25 per cent of the money the employer does so expend goes to the injured man. Statistics also prove that the injured workman receives a verdict in an average of only one case in ten.

With a compensation act in force every one of these ten workmen will receive something, unless the injury was inflicted either wilfully or through intoxication. It is true, of course, that the amount paid for each injury is in many cases less than what might be received through a court verdict; but, when the economic waste is all deducted, the net compensation to the injured will undoubtedly be greater under a modest compensation act than under the present system. Besides all antagonism and litigation will be forever removed. Surely all these indisputable facts must demonstrate to an aroused American public that the old common law theory of employers' liability, from every standpoint, is incorrect.

In our act, as is generally known, we have covered all industries. We could not reconcile ourselves to the fact that a man injured in a most hazardous trade was entitled to compensation from his employer, any more than would be a farm laborer who might have fallen from the threshing machine, or undergone any accident that might occur in ordinary employments, of whatever nature his pursuit might be. We have included every type of employment. We have been criticised somewhat, because of the domestic servant; why we should include domestic servants. Our answer to that has been, "What will the average housewife, or head of any house, do for his servant who had fallen down the steps or burned her hand?" He would naturally take care of such servant anyhow, sending her to the hospital, etc., which he would do without any law, and more than this law requires.

Let our efforts to obtain a remedy be exerted for the enactment of automatic compensation laws and our courts will be relieved; fewer accidents will result; antagonism that destroys discipline between master and servant will be largely removed; every injured employee will receive proper immediate relief and ultimately the burden will be equably borne by the consumer who, in the final analysis should pay the whole cost of production, be it wear and tear on machinery or the seemingly necessary contribution of life and limb to industrial accomplishment and development.

We in New Jersey have taken a determined stand among the states on this subject, and we feel proud of the position that we are now occupying.

RECENT NEW YORK LEGISLATION UPON WORKMEN'S COMPENSATION

BY JOSEPH P. COTTON, JR.,
Counsel New York Commission on Employers' Liability.

Up to within a week or so ago very few of us knew much about the constitutionality of workmen's compensation laws in the United States, or how far some admirable systems of caring for work accidents in use in Europe were open to us. Now, I am sorry to say, we know more, and it is not altogether to our liking.

The New York Court of Appeals has recently declared unconstitutional an act passed in New York, in 1910, on the recommendation of a legislative commission which had given some study to the question. There have been several suggestions for such laws in other states, but, speaking generally, this New York act was the first law in the United States which created a compulsory system of workmen's compensation. It applied to a very few dangerous industries, but gave to the workman injured through fault of the employer or by trade risks a choice of proceeding (1) under his previous existing legal rights—i. e., by a law suit with all the chances and defenses that entails, or (2) a right to be paid compensation of half wages, but not more than \$10 per week, during disability for not more than eight years, and in case of death three years' wages to go to dependents. Practically, the new right by the New York Act of 1910 was about like the right given under the English Workmen's Compensation Act of 1897, save that in New York there were many limitations more favorable to the employer, though the sums paid were higher. Under the New York act if the injured workman chose to sue at law he could not later get compensation and *vice versa*. If he chose to sue at law the employer had all the historic defenses, if he chose to claim compensation the employer was to have practically no defense save serious and wilful misconduct by the injured workman.

It is this act which is now held unconstitutional. The ground upon which the Court of Appeals puts its decision I understand to be substantially as follows: This act allows an injured workman

to recover for damage caused by the trade risks of certain dangerous employments and, therefore, under it, the workman can recover for an injury which the master could not have avoided in any way. Or, to phrase their reasoning differently, this act places liability upon the employer not only to pay the workman for all acts caused by the employer's negligence, but also to pay for injury to the workman who was unlucky enough to get hurt by the trade risk, which is nobody's fault. Such a statute, say the Court of Appeals, violates our fundamental law, in that it takes property without "due process of law," and so violates the state, as well as the federal, constitution,¹ since it places on the employer a liability to pay money when he has transgressed no legal rule of conduct.

When the New York Commission framed this law they realized the probability of this objection, and the decision of the Court of Appeals does not come as a surprise, although we hoped for less technical reasoning. It is a fair inference from the opinion of the Court of Appeals that though they believe the statute unconstitutional, they concede the evils of the present liability system and seem to think that the statute might well have been highly beneficial to society.

Nevertheless, I venture the opinion that their decision is most unfortunate. Even a defeated lawyer can, I think, say that with all propriety.

The decision is not one that should let loose any rant about "recall" of the judiciary and "thwarting the will of the people." It is true that the statute which a few reformers got through the legislature has been overthrown, but it is absurd to say that there is any general demand or outcry of the people of New York for workmen's compensation, even among workingmen, though organized labor officially approved this law and urged its passage. Outside of meetings like this, the question was never heard of by the New York public before 1910. The statute was passed as an experiment in government, a legitimate and proper experiment, as to the constitutionality of which there has always been a good deal of doubt. We must freely admit that the statute went counter to prejudices and traditions long current and long cherished in this country, particularly in the legal profession.

In another connection, Mr. Arthur Benson has said:

¹The phrase "due process of law" is identical in both.

One does not want life to be overwhelmed in a rush of fluid and hasty experiments. Toryism is not only the drag upon the wheel, it is the caution and prudence that annihilates hasty and sentimental theories. Justice is not done by trampling on prejudices and flouting traditions, but by recognizing the needs and the aims which they express. Little happy and solid work can be done under a sense of general insecurity, and in guarding against anarchy much genuine and fruitful eagerness must be sacrificed.

And so, in the fine phrase of Mr. Benson, our New York statute for workmen's compensation is the "genuine and fruitful eagerness" that has been sacrificed, and the decision must not one whit change our regard for the great bench of the New York Court of Appeals, if they are great tories, they are also great lawyers. For us who believe in replacing the American system of accident litigation by some system which shall insure prompt and efficient provision for those injured by industrial accident, the fundamental problems are still the same after that decision; the question is still, What system is wisest? How can we accomplish it? For any man who believes that the problem is a simple one, that it is a mere question of educating the masses to overwhelm the classes by the ballot, and insist on the right of the numerical majority—for that man I have no more sympathy than for the chronic tory who is a mere drag upon the wheel of progress. He is an equally unsafe adviser. Rather the problem is how to replace our accident system by another and a better, in such a way that the doing of it shall not too far awaken the fears and sense of insecurity which the tories feel in each change of the traditions of government or each new governmental interference in industrial matters and the relation of labor and capital.

How far, for instance, can we go under our present form of laws and constitutions, as interpreted by the Court of Appeals in New York, in reaching what we desire? Under that opinion, as I read it, there are practically no limits, save reasonableness, placed upon the power of a state to pass statutes which shall place upon employers the fullest obligation to take care to protect the lives of workmen—for instance, to fence machinery. Nor does that decision, as I read it, limit the power of the state to allow optional compensation plans for accident relief, i. e., to allow the employer and workmen to contract as to the methods of handling work accidents and their compensation.

There is much to be said for an optional system of caring for work accidents. It is consonant with the tory ideas of individual rights and theoretical freedom of contract and the whole political philosophy that, long dead, has been embalmed in our written constitutions. It is admirably suited to industries in which there is small risk of accident or in unorganized industries where the employers still stand in a patriarchal relation to their workmen. It is suited, again, to the richer and larger corporations of great strength who are able to offer their workmen exceptionally large rewards. It once seemed in a fair way to work well on the railroads. But it must be admitted that, with the present disposition of the labor unions, it gives little promise of successful working where the unions are strong, where the workmen are foreigners or very ignorant, and more important, it is particularly unsuited to smaller manufacturing concerns which cannot carry their own risks, but must cover them by insurance. Optional compensation then, while it may increase in efficiency, and wherever it applies is valuable, seems to give little promise of solving the whole problem; just because it is optional, and so long as it is so, is likely to be expensive. It is notable that in the only state (Massachusetts) in which a statute permitting it has been in force for any length of time, no one has taken advantage of it, and in New York, which has had a law permitting it since 1910, the workmen of only one concern have taken advantage of it. On the other hand, certain of the larger corporations, like the United States Steel Company and the International Harvester Company, have practically conquered their work accident litigation troubles by private optional plans which, in theory at least, entail no compulsion on the workmen, and under which the workmen retain all rights to sue at law.

The Court of Appeals decision leaves open another way of solving this problem, i. e., by increasing the penalties for negligence resting on the employer. That is, under the decision of the Court of Appeals any statute may be passed taking away the employer's defenses, for instance, making the employer responsible for all acts of the fellow servant, or doing away with the doctrine of contributory negligence. In other words, the Court of Appeals would sustain almost any liability act as long as it is based on fault of the employer. There can be no substantial doubt that such statutes would be constitutional. But it seems equally clear that such statutes would

be of little value. They still leave the problem of the accidents to the slow processes of jury trials with all the mystical and maddening legal rules of evidence, their unfortunate delays, and their lottery of high verdicts, they still leave the workman injured in employment by the risks of his trade without a remedy, and such laws leave work accidents dealt with by the law as if they were personal torts instead of social calamities. Such laws raise liability insurance rates by leaps and bounds and leave the final solution of our difficulty farther off than ever. In states like Pennsylvania, where the master's defenses are pure relics of the laws of the last century, some change may be advisable, if it be only to wake employers up and give the workmen some idea that the law sometimes turns in their favor, but no real relief is obtainable in that direction, and the decision of the Court of Appeals is most unfortunate in that it fairly invites such laws.

It has been suggested, originally in Wisconsin and Illinois, that the liability laws may be changed in favor of the workman, but made to apply only to those employers who do not offer compensation to their workmen. Such was the New York optional law of 1910. And in New Jersey there is a bill just passed which, in effect, takes away all the employer's legal defenses (fellow servant, assumption of risk and contributory negligence), but provides that it shall apply to those who consent to it, and then disingenuously provides that all employers and workmen who do not give notice in writing of their dissent shall be presumed to have assented to it. These schemes and their variations are known as persuasive methods of getting compensation. They go on the principle of making the liability laws so hard on employer and workmen if they do not agree to compensation that they will be obliged to take it.

As to the constitutionality of such plans there is a good deal of doubt. The New York Court of Appeals decision throws no light upon the question. I believe they are constitutional in every state, but my perspective on these legal questions may be blurred, and I conceive the tory point of view only imaginatively. The main difficulty with such schemes, I think, is rather that they are complicated, that they are expensive because they are always uncertain, and do not lend themselves at all to insurance. Persuasive schemes of compensation are really elective schemes. They have the same evil, i. e., that they are not compulsory, they have a new evil that

to the ordinary manufacturer who carries insurance they are unduly complicated and expensive, and where they do not work they have all the evils of our worst liability laws.

The Court of Appeals also leaves open one further loophole for change under our existing constitutions along the lines we wish to go. It is suggested in an opinion of Cullen and Bartlett, Justices, in this recent case, that while the New York act is unconstitutional, the legislature is bound by no constitutional restriction in revoking corporate charters, and that, therefore, the State of New York may to-morrow revoke practically every corporate charter in the state and give them back only to those corporations who accept this unconstitutional act. No reformer ever dealt so foul a blow at the tory shrine of vested rights, or forged more splendidly a weapon at corporate aggression. But that plan does not, I think, lend itself to our purpose. The object of this reform is not to humble or cramp corporate business. Such a remedy should be the last weapon against corporate greed or monopoly. If in truth, as the Court of Appeals say, the fundamental ideas of the law of negligence are intended to be embalmed in the constitution, we would not wish to impeach the corporations to take away their privileges.

So we are driven to the other and final recourse, the amendment of state constitutions. It is unwise to let the proletariat get too intimate with our state constitutions—speaking generally, the less we do to them the better. There is so much in them now that they are checks without being balances. True, the tory is aroused at once when we approach the constitution; this is the place where a fugitive before the march of change has been wont to claim sanctuary. What can be said to him? How can we pacify him? We can say to him truthfully, I think, that a compulsory system of workmen's compensation based solidly on a constitution will not mean more expense to industry than now exists in states like New York where there is a severe employers' liability law, that under such a system society will find the victims of accident promptly cared for, that one source of friction between employer and employed can be lessened, can be taken out of the list of class grievances, that under such a system liability insurance will become not what it is now, a hateful thing, but, like well-run life insurance, a beneficent thing. We must explain to our tory friend over again the new secret of corporate success, that the only course which is fatal to him is to

fight with public opinion and lose. By this faintly subtle argument we will lead up with our friend the tory to the moment when we lay before him a suggestion for amendment to our state constitution which, perchance, shall read thus:

The legislature may impose such reasonable conditions on any contracts of hiring or employment as shall be designed to guard or produce the health or safety or well-being of any of the parties thereto or the public, or to make provision for the payment to the employer or those dependent on him of the financial loss caused by accidents or disability in such employment.

And we will explain to our tory friend that this amendment will save for him his sanctuary, the courts, in their legitimate and wiser function; that is, as elder statesmen, who shall guard against the mob, anarchy, folly, hysteria and newspaper rule; and if all that is not true for him, it will be for his children if they, too, are tories.

In this plan, this scheme for conversion of the tory, I have not spoken of the Fourteenth Amendment to the Constitution of the United States, which insures to each of us that no state shall deprive us of life, liberty or property without due process of law. The intimation of the Court of Appeals of New York in the opinion of which I have been speaking is, that this clause would be violated by any state statute or constitutional amendment to a state constitution such as I have outlined. Their fundamental conception is that liability may not be imposed on A to pay B, save where A fails to observe some standard of duty set up by the law. With all respect, I cannot believe that principle so deep-rooted or fundamental in our system of government that it is not competent for a state, by its constitution, to declare that it will no longer treat an industrial accident as a tort, but will regard it as a social calamity resulting from the contract of hiring. When that question comes before the Supreme Court of the United States, if it arises as to the validity of a state constitution, the argument will, I believe, prevail that such an amendment is "due process of law," when, by experience, it is clear that the bulk of industrial accidents are the inevitable results of modern industrial methods, that they bear little relation to fault of workmen or employer, save as fault is common to all ordinary men, and that the old common law method of considering these accidents as torts or wrongs leads to endless and unsatisfactory litigation—when those facts are clear, the Supreme Court of the United States will, I believe, decide that it is due process of law

for a state to require, at least in those trades where danger of accident by the trade risk is great, that adequate provision be made for those injured in that industry. Whether that burden shall rest on the employer or upon both employer and workman is not at the moment important, the important point is that the state has the power to regulate conditions of relief from accident, exactly as well as to prevent accident. It is all a question of the wisdom of state regulation of the contract of employment, the relation of labor and capital, and I do not believe there is any restraint of such regulation under the Federal Constitution while it stops short of folly. If such regulation is not possible, then our government is indeed handicapped.

If I am wrong, there is no way to solve this problem of American work accidents immediately and simply, or in two decades. A compulsory system of work accident relief with or without contribution by workmen bids fair to solve the accident problem and the accident litigation problem as well. Any other method less simple must be worked out, with great difficulty, and great friction, political and social.

WORKMEN'S COMPENSATION AND THE INDUSTRIES OF MASSACHUSETTS

BY JAMES A. LOWELL,

Chairman Massachusetts Commission on Employers' Liability and Workmen's Compensation.

Massachusetts is different from other states in that its industries are almost entirely of the kind known as the light trades. We have no mines in Massachusetts, and the heavier trades, such as the building of big bridges and things of that kind, we have very little of. Our state is a manufacturing state, and the cotton and woolen mills are the principal parts of the industry. The cotton and woolen industry takes up about fifty-one per cent of the number of employees in the state, and, if we add to that light manufacturing, it brings it up to sixty-five per cent. In order to have a workmen's compensation act, state insurance act, any kind of an act, one must cover not only the hazardous trades covered in the New York bill, but one must cover every trade, the cotton, woolen and silk manufacture, and also other manufactures that are not extra-hazardous. We cannot pick out one, two, three, seven or eight industries, and call them hazardous. We must pass a law that will cover accidents in all industries. The bill which we did not report to the legislators, because we were not entirely satisfied with it, but the bill which we called our tentative act, and on which we had several hearings, was a measure of that character.

Everyone in Massachusetts agrees that the present law is bad, and I shall merely state two or three of the bad objections to it. The first and the worst feature of it, from the point of view of economy, at least, is that under the present law, as all laws in the United States, you cannot get anywhere without a law suit, and that fact brings into prominence the fact that the money paid out by the employer of labor is three-fourths of it wasted in law suits. I am a lawyer, and perhaps should not talk against my own trade. Of course, that kind of an act in Massachusetts is very good for me, but it is not good for anyone else. It wastes seventy-five cents for every twenty-five cents that gets to the person who ought to

get one hundred cents, or at least ninety cents. You must have a law which will take one hundred cents from the employer and get just as many as possible of the one hundred cents to the employees, without their being wasted in expenses of various kinds.

The act which we proposed was one covering all employments where there were more than four regular employees. It did away with our present Employers' Liability Act and substituted in its place a workmen's compensation act. It left our common law in force, the reason being largely that it was thought necessary for legal reasons to leave it, but the bill provided—and I think the provision a very important one, although I have not heard emphasis put upon it—that the payments to be made should be equal payments of a certain percentage of the wages; fifty per cent we took. We think that a fair way of dividing it up, because it divides the loss between the employer and employee. The employer pays fifty per cent and the employees contribute their loss of wages, and pain and suffering. That is the nearest to justice, it seems to me, that we can get. We put in the requirement that it should be paid weekly, for two reasons. The first reason was that we think there would be a great many cases in which the immediate payment of say \$2000 in one lump sum would cause the recipient to squander the money. Another reason for paying in dribblets, so to speak, is that the unscrupulous lawyer should not have anything to get too large a payment from. The reason lawyers take cases under the present law, the reason for ambulance chasers, is that there is a possibility of recovery in some cases of \$10,000, and a possibility for the lawyer to make a charge of from \$2,000 to \$2,500, a glittering prize in the eyes of unscrupulous men.

The law we proposed left a two weeks' waiting period, and we gathered certain statistics of accidents which happened during a ten weeks' period of the last year. We have not, of course, statistics of sufficient number and duration to make a foundation for scientific theory, but they show that all but about twelve per cent of the injuries which occurred during that period lasted less than two weeks. That shows two things; that by far the larger proportion of injuries are not serious, and that a new law will not be so expensive as many people have feared. In Massachusetts, the principal difficulty the commission had and still has, is in forming some guess as to what a proper law will cost. I am talking about

this from the standpoint of the business man. Many of the people have talked about workingmen's compensation in a way which, as chairman of a commission, I should call a little sentimental. It is said the present law is bad, let us have a new one, we do not care what it costs. I am sorry to say that a commission cannot go about it in that way, much as it may desire.

We were brought up against the argument that if we add to the cost of our industries, we cannot compete with the mills of Rhode Island. In order to find out what the cost of the present system was, we got returns from employers of labor during the year 1909, and we found, much to our surprise, that the insurance cost was a certain amount, and that the employers who had insured, also paid out for employees—for claims which employees made, which were not covered by the policy, money for hospitals and that sort of thing—a sum amounting to eighty-five per cent more; so that the employers' total liability cost in Massachusetts is almost double what the mere insurance cost is. Then we came to the conclusion that it was very probable that a new law which did away with a large part of the present litigation, would cost the manufacturers of Massachusetts very little more than twice what they are spending for insurance under the present law.

I want to say a word about the outlook in Massachusetts. In New York everyone is despondent. I am courageous enough to think that we need not be disheartened by the decision of the Court of Appeals in New York. I think that the way the courts of Massachusetts have treated laws looking toward the amelioration of the condition of labor, shows that they very likely would not follow the New York decision. We in Massachusetts look forward confidently to getting some kind of a law, either a workmen's compensation law, or insurance law, which will do away with the present evils without crippling the industries of the state.

ATTITUDE OF FOREIGN COUNTRIES TOWARD LIABILITY AND COMPENSATION

BY LEE K. FRANKEL, PH.D.,
Metropolitan Life Insurance Company, New York.

It would be idle at this late date to attempt to present in detail the facts in connection with European legislation concerning accident liability and workmen's compensation. The United States Government in various reports has presented in full the laws in various foreign countries dealing with these important topics. Text-books and magazine articles, which have appeared from time to time, amply cover the subject and give fully the basic information necessary for the comprehensive understanding of the attitude in Europe.

All that can be attempted at this time is a presentation of the philosophy of the movement in Europe, which has been going on for over twenty-five years, and which even to-day is in an embryonic state in several countries. In fact, a study of the laws themselves would be apt to lead the student astray. One might be apt to conclude that there is no consensus of opinion regarding the final development of legislation, and that some of the chaos existing in the United States is still to be found across the ocean.

This, however, is not the case. A clear conception of what Europe stands for in the matter of legislation regarding accident liability and workmen's compensation is to be gathered from the proceedings of the various International Congresses on Social Insurance, which have been held during the last twenty-five years. In fact, the change of name in this organization indicates to some extent the general trend of legislation and of the wishes and desires of those who are sponsors for it. Originally, the congress was called the International Congress on Work Accidents. To-day the term, "International Congress on Social Insurance," more aptly expresses the purposes and aims for which the congress stands.

In substance, the underlying principles of legislation, as exemplified in Germany and to lesser extent in other countries, assume that the American doctrine of liability is false. While this doctrine

may have been valid at earlier times, to-day under the complex forms in which industry is found, it is not only unwise but unjust to hold the workman responsible for accidents which may occur to him, on the assumption that he is a free agent and has the right of choice in his work. European legislation has taken the entirely contrary attitude of assuming that accidents in the majority are traceable to causes inherent in industry, and that as a result industry should be held responsible for them. It is immaterial whether this conception has been extended to the ultimate thought of holding industry responsible for all accidents, or, for a limited number, as is the case in certain countries, where deliberate negligence on the part of the workman absolves the employer from liability. The vital thought to be brought out here is the recognition, not of liability on the part of either the employer or employee, but rather the more progressive concept that since accidents do occur and may continue to occur, notwithstanding all provisions for safeguarding, the doctrine of compensation should be established. In the last analysis this means that the consumer shall bear the burden.

Nor is it vital for the acceptance of this doctrine that the theory of compulsory compensation shall be introduced. While the recent decision of the Court of Appeals of New York proclaims with emphasis the mature deliberation of a unanimous court, that under our constitutional provisions any attempt at compulsory compensation infringes on the right accorded to individuals under the Constitution, that property may not be taken from them without due process of law, it does not follow that the conception of a compulsory principle may not voluntarily be assumed by industry. In fact, it seems evident that if this far-reaching decision of the Court of Appeals will hold, enlightened manufacturers will realize not only the desirability, but the necessity of making provision for indemnifying employees, who may become injured in the pursuit of their employment. This tendency is already apparent in many states and in many industries, and its growth is only a matter of time.

On the assumption that compensation is the logical development, in preference to the older theory of liability which, *per se*, involves a suggestion of tort, it follows that in granting compensation, a second principle suggests itself. This, too, has been exemplified in the main in European legislation. I refer to the granting in cases of accidents not to a lump sum compensation, but rather to the

provision which has been made in many instances for the care of the injured workmen during illness attending accident or for the granting of an invalidity pension should the injuries from the accident become permanent. This thought has been carried to its highest conclusion in Germany, where the principle of pension has been extended not only to the permanently injured workmen, but to the granting of pensions to the widow and orphans in case of the death of the workman resulting from injury.

The purpose of this provision is clear. The old liability theory assumes the necessity for indemnity, and as a result in the past this indemnity has been measured on a money basis. The compensation theory, on the other hand, while it involves a theory or principle of indemnity, adds a finer, better principle, namely: that of replacement. In other words, it is the intent of legislation of this kind not merely to give to dependents a cash consideration for the loss which has been suffered in the maiming or death of one who is frequently the principal wage-earner, but rather to attempt to replace in the family the earning ability, which, under normal circumstances, would probably have been continued for an indefinite period.

The question will naturally arise: Can the cost of such permanent or continuous pensions be borne by the individual employer? The answer can be made off-hand in the negative. Realizing this, however, it has been the effort on the part of European legislation to provide for the regular and continuous payments of pensions, by requiring the employer to guarantee payments through some insurance provision. The weakness of some of the legislation proposed in the United States and the weakness of the English legislation may, in part, be traced to the absence of such provisions. Accident, like death, may be looked upon as a contingency and risk of life, and its frequency may to-day be measured in terms of actual experience. While the laws, which govern accident, cannot be estimated with the finality which underlies the laws of a mortality table, nevertheless there is sufficient statistical data to estimate with a fair degree of accuracy the costs of accidents upon which insurance rates can be based. If proper protection is to be given not only to the workman but to the employer, any sane scheme of compensation should have attached to it an insurance provision.

Still another thought is characteristic of most foreign legislation. It is mentioned here for the reason that it has not received

definite acceptance either in England or in the United States. I refer to the belief that if industry is to be held liable for accidents, with possibly certain limited exceptions, then the amount of such liability likewise must be limited. Any well-grounded compensation scheme must assume in advance that industry cannot be subjected either to the whims of juries or to sentimental considerations. All that industry should be expected to do is conveyed in the thought outlined above, namely: to attempt to replace for definite periods of time, at least in part, the contribution which the injured workman would have made for the support of his family. These amounts, since they are based on wages, can be definitely calculated and form part of any well-planned insurance scheme.

Finally, it should be distinctly recognized in the United States that compensation for accidents is only one phase of a broader and larger movement directed towards the protection of workmen against the risks of industry. Industrial accidents have been given prominence in legislation of all countries, for the reason that they are sudden and that their immediate effects are frequently serious. It will probably be demonstrated eventually, as a matter of fact, that the other risks to which industry subjects workmen are equally as serious and probably affect larger numbers of workmen. It is recognized to-day, equally in Europe and to a lesser extent and more recently in the United States, that many diseases are the result of bad industrial conditions or to the strain and tension to which workmen are subjected. Similarly, the disability of workmen occurring prematurely, long before they have reached the allotted three score and ten, can be traced to the effects of long hours of employment, overwork, strain, etc. Here, too, foreign legislation has taken the attitude that protection should be given to workmen against these contingencies. It should be mentioned here again that this protection need not necessarily convey any idea of liability on the part of the employer or of the industry. Instead, there is the general assumption that there are risks and contingencies which arise in industry and against which the individual workman deserves protection.

It is only a further extension of this thought to maintain that since the individual workman himself is really not in a position to protect himself, the greater part, if not all of the burden, should be borne by the employer—or, even as the thought is extended in

certain countries, that the state, as a matter of wise public policy, might assume a portion of this obligation.

I think it necessary that this idea should be strongly emphasized here, if we are to develop accident legislation in the United States along safe lines. If we are to benefit by the experience of our foreign neighbors, we must agree with them that we have only partially done our duty in making provision for workmen against industrial accidents. A comprehensive scheme of insurance for workingmen must include insurance against sickness, against temporary or permanent invalidity and against death. To what extent industry shall be chargeable with the cost of this protection, what amount the employee should pay and whether the state should or should not be one of the contributing parties, is immaterial for this discussion. It is, however, essential that we shall recognize at the outset of all attempts to bring about a change of affairs in our state legislation, the fundamental principles above adverted to. When these are clearly recognized and understood, it should in time be possible to effect rational and even uniform legislation, which shall not be in conflict with our constitutional provisions. When it appears probable that there is a unanimity and consensus of opinion as to the introduction of these fundamental principles into our legislation, it will probably be a comparatively simple matter, should it be necessary, and this is still in doubt, to amend the constitutional provisions which to-day apparently stand in the way of legislation. This thought, we believe, crystallizes the opinion of modern men and women on the question of necessary protection for those who prosecute the industries of this country.

RECENT PROGRESS IN EUROPEAN COUNTRIES IN WORKMEN'S COMPENSATION.

BY HENRY J. HARRIS, PH.D.,
Bureau of Labor, Washington, D. C.

The most conspicuous feature of the continental legislation relating to compensation for industrial accidents has been its frequent change to adapt it to the changes in industrial organization which the development of the last century has brought about. Thus at the close of the Napoleonic wars, or approximately 100 years ago, we find in continental Europe two industries in which the ordinary rules of the liability of the employer for injuries to his workmen did not apply; these were navigation and mining. In both of them the employer was required to provide for accidental injuries on a different and more liberal scale than prevailed in other lines of employment. Mining and navigation possess two characteristics which distinguish them from other industries; in the first place, they are naturally hazardous, and second, the safety of the employee depends to an unusual degree on the skill and care of the one directing the work and on the skill and care of his fellow workmen. These two industries are among the first examples of large-scale industries to be developed, and it is worthy of note that the leading nations of Europe found it necessary to modify the ordinary doctrines of employers' liability and to devise special legal institutions to provide for the conditions peculiar to those industries. It should also be noted that in mining and navigation the injured employee was not required to bring suit in a court of law to obtain the compensation for his injury, but the law required the owner of the undertaking to provide in advance a special fund from which the benefits for this purpose were paid. Thus, even at the beginning of the modern industrial era, the rules at present regulating the liability of the employer in the United States had already been found inadequate in two important industries in Europe and a crude system of accident insurance had been substituted.

In the thirties a new industry—perhaps the most important of modern power-using industries—was created, namely, the railroad

industry. It likewise possessed the characteristics of a high trade risk and the dependence of the employee on the skill and care of the one directing the work and of the fellow workman. The problem of the injured workman came up at once and Prussia cut the Gordian knot by enacting its law of 1838, which put the employee in practically the same position as the passenger as far as damages for injuries were concerned; to provide the compensation called for under this law, the railroads promptly created insurance or relief funds modeled after the miners' funds. Thus, in a third large-scale industry the liability rules were found wanting and were discarded for a form of insurance. Other states on the continent of Europe also modified the liability doctrine to fit conditions in the railroad industry, but in marked contrast, both England and the United States retained the old liability rules.

The next break with the old liability rules came after the factory system began to spread over the continent, or in other words as soon as large-scale industries began to be frequent. The first instance came late in the sixties and early in the seventies when three states, Bavaria, Baden, and Württemberg authorized local governments to make deductions from the earnings of factory employees and similar workmen, to be paid into the local treasuries and used as an insurance or relief fund for the benefit of factory workmen who were disabled either by sickness or accident. As the deductions were small, they were in many cases paid by the employers instead of being taken from wages as the law permitted. While not as sharp a break with the liability traditions as the Prussian railroad law of 1838, it was nevertheless a recognition of the failure of the liability principles to meet the needs of the newer industrial conditions.

The importance attached to this subject is shown by the fact that one of the first laws enacted by the newly created empire of Germany was the liability law of 1871; this admirable piece of legislation is still in force and probably represents the highest development of the method of compensating industrial accidents on the basis of fault. Ten years' experience under this law was sufficient however to convince both employers and workmen that legislation which made the granting of compensation dependent on the proof of negligence would do no more than serve as a background for a system adapted to the industrial conditions of the time. The prob-

lem became particularly urgent in Germany about 1880, because the increasing cost of living at that time made the additional burden of carrying the cost of the accidents a matter of serious importance to the workmen. In passing, it may be remarked that relieving the workmen of the cost of carrying disability caused by accidents is one method of decreasing the cost of living, and if the cost of the accidents is defrayed by a system of insurance at the expense of the consumers the advantages are proportionately increased because of the extremely small amount borne by each person taxed.

The experience of the mining and railway funds provided the German investigators with a basis on which to found their new system of accident relief. The laws of Germany providing for the national compulsory sickness and accident systems were enacted in the early eighties and since then the leading industrial countries of the continent have been following the example of the Germans. The importance of the subject of social insurance is best indicated by the fact that in practically every year since 1883, the imperial legislature of Germany has had some phase of this subject under discussion.

It is worth while to repeat this phase of European experience since it emphasizes two points; first, that the plan of compensating industrial accidents by determining who was at fault and assessing the cost on the negligent party, has never applied to all industries, and in fact has long been discarded in those industries which most closely resemble the industries of the present day; second, that every system of accident compensation which has yet been devised needs constant revision in order to be adjusted to the changing methods of conducting industries under modern conditions. The same is true of course of other industrial legislation. The decisions of American courts seem, in many instances, to assume that the negligence method of compensating accidents is essential to the maintenance of the existing social structure, and under this assumption the courts have applied the negligence rules without any modification to industries such as mining, with the resulting confusion and absurdities which have so frequently been pointed out in recent discussions.

As one state of the United States (Washington) has already adopted a system of government insurance, while two states (Montana and Maryland) have in operation compulsory insurance funds

for the mining industries, and it is believed that other states will eventually adopt the same plan, it will be of interest to mention the points on which special progress in Europe has been made in the last ten years.

Occupations. Since 1900, the most important advance in Europe has been the extension of the insurance to wider groups of employees. The usual plan has been to first include the industries with a high trade risk, and later to extend the list of industries. The British law of 1906 has gone farthest in this respect by including "any employment"; the French law includes the usual industries together with mercantile industries. In the important industrial countries the law now includes all the leading industries.

General administration. The most successful administration of the insurance laws has occurred in the countries where the interested parties, the employer and the workman, have an important part in enforcing the laws. Austria, Hungary, Luxemburg and Germany have placed the administration of the insurance laws in the hands of employers' associations, acting under the supervision of the government officials. In some countries boards or councils, which include employers and workmen, administer the government insurance banks, while in other countries permanent councils, including representatives of these two parties, keep in touch with the development of the movement and make recommendations for improvements.

Financial administration. Europe now offers us almost every conceivable method of providing workmen's insurance; Norway has a state insurance bank in which the employers are compelled to insure, in other words, a government monopoly; Great Britain permits the employer to insure or not, as he pleases, but if he desires to insure, the private companies are his only resource; Germany, Austria, and other countries compel those who pay for the insurance to provide it themselves on the mutual plan; in other countries we find a state institution offering insurance in competition with private insurance companies or with employers' mutual insurance societies. During the last ten years, the trend of opinion has been towards compulsory insurance in prescribed institutions. This movement towards compulsory insurance is based wholly on the desire to secure the safest and cheapest form of insurance; it is obvious that the best insurance results are obtained by including the

largest possible numbers, and compulsory insurance offers the only method of securing this result. It is now generally admitted that mutual organizations of the employers, such as the Austrian and German organizations, provide the most economical machinery for placing the accident relief in the hands of the injured persons. The least economical method is the plan of allowing the employer to insure in private insurance companies competing with each other, as is the case in Great Britain. Two forms of insurance may be differentiated, first compulsory, and second voluntary. On this basis, the plans in use in Europe at present are as follows:

I. *Compulsory Insurance*

Two forms of compulsory insurance are differentiated—compulsory insurance and compulsion to insure; one enforcing compulsory insurance in prescribed institutions, the other enforcing the obligation to insure, but leaving free the choice of the insurance institution.

A. Compulsory insurance in prescribed institutions.

1. In a government institution with a monopoly of insurance:
Norway, one state insurance bureau for all industries.
This is the only country where the entire insurance is concentrated in one government office.
2. In employers' compulsory mutual associations, controlled by the state.
 - a. Organized on territorial lines.
 - (1) Luxemburg, one institution, for all industries.
 - (2) Hungary, two institutions—one for Hungary and one for Croatia-Slavonia, including all industries.
 - (3) Austria, seven institutions, the whole country being divided into seven districts for all industries, in addition to which there are separate institutions for railroads and mining.
 - b. Organized on industry lines.
 - (1) Germany, 66 industrial institutions, each covering the entire country for one group of industries, except that some industries have several associations, each covering a specified area; in addition there are 48 agricultural institutions.

(2) Greece and New South Wales, where the laws apply to mining only; each country has a special miners' fund.

B. Compulsory insurance with choice of insurance institutions.

1. Private companies or mutual associations with state institutions competing.

a. Italy has the National Industrial Accident Insurance Institution; except that for navigation and for the Sicilian sulphur mines, compulsory mutual associations have been created by special legislation.

b. Netherlands has the Royal Insurance Bank. The employers may insure in private insurance companies or may be permitted to carry their own insurance, but all compensation is paid by the Royal Insurance Bank which deals with the employer or insurance company.

2. Private companies or mutual associations without state institution competing.

Finland, except that for seamen a special compulsory employers' mutual association under strict government control has been established by special law.

II. *Voluntary Insurance*

A. Private companies or mutual associations with state institution competing.

1. Sweden, with State Insurance Institute.

2. France, with National Accident Insurance Fund, which, however, is not permitted to provide insurance against temporary disability. Compulsory insurance is provided for seamen in a special government institution.

B. Private companies or mutual associations without state competition.

1. Belgium, while the law specifies that the National Retirement Fund must provide accident insurance, this provision of the law has never been put into operation.

2. Denmark, where insurance is voluntary, except that the law requires compulsory insurance of seamen, either in mutual associations or in insurance companies, and where a state institution exists for voluntary insurance of fishermen and seamen not covered by the compulsory law.

3. Great Britain and the British colonies.
4. Russia, except for compulsory insurance of miners employed by the state or the Crown.
5. Spain.

Methods of guaranteeing insurance payments. Wherever there is compulsory insurance in prescribed institutions controlled by the state, there is, of course, no question as to the security of payments. Such is the case in Norway, where a government bureau provides the insurance. In Germany, Austria, Hungary, Luxemburg, and Netherlands the law either specifically states or implies the guarantee of the solvency of the institutions providing the insurance. In Netherlands the injured workman is protected by the equivalent of insurance in the Royal Insurance Bank, irrespective of the institution in which the employer carries the insurance; the uninsured employer and the private insurance companies are required to give satisfactory guarantees to the Royal Insurance Bank. In Greece the payments are guaranteed by the national miners' fund.

The second method of state guarantee is by a special national fund, from which the compensation is paid in cases of insolvency either of the employer or of the insurance carrier. The sources of revenue of these funds show considerable differences. In Italy, notwithstanding the system of compulsory insurance, a fund has been organized under the supervision of the Government Bank of Deposits and Loans; supported by fines for noncompliance with requirement to insure, or other fines, and by the compensation due in fatal cases but not paid because of absence of survivors. In France the guarantee fund is managed by the National Old Age Retirement Fund and is supported by special taxes upon all employers covered by the act, but this fund guarantees pension payments only while compensation for temporary disability is secured by a preferred claim on the assets of the employer. In Belgium the guarantee fund is managed by the National Retirement Fund and is supported by a tax levied only upon those employers who do not carry insurance.

Where no state guarantee exists guarantees must be exacted from insurance companies or from the individual employer. Wherever insurance is either voluntary or there is a choice of insurance institutions, the government protects the insured employee by requiring the insurance company to maintain proper reserves or to

make guarantee deposits with the government, or by both methods combined.

In the case of uninsured employees, their interests are usually protected by giving them a preferred claim upon the assets of the employer. In certain countries, where there is no compulsory insurance, the employer is not permitted to carry the liability for continuous payment of pensions in cases of death or permanent disability, but must provide for such payments through insurance institutions.

In Belgium both reserves and guarantee deposits are exacted; in addition the capitalized value of pensions must be deposited in the National Retirement Fund. There is, therefore, no necessity for giving the injured employee a preferred claim on the assets of the employer.

Finland requires the payment of the capitalized value of the pension to an insurance company in cases where no insurance has been taken. The guarantee of the pension payments of the uninsured employer is limited to a preferred claim upon his assets in case of insolvency in the following countries: Denmark, Great Britain, Russia, Sweden and the British colonies.

In Spain both reserves and deposits are required from insurance carriers, but in case of uninsured employers no especial provision is made in case of insolvency.¹

Information as to accidents. One of the very best things European experience has given us is accurate information as to the trade risk in the different industries and the causes and results of industrial accidents. The recent report of the German Imperial Insurance Office is a veritable mine of information in this field. Some of the facts brought out by this study of the industrial accidents compensated in the year 1907 are:²

The information relates only to serious industrial accidents, namely, those causing either disability lasting longer than thirteen weeks, or death, which were compensated in the year 1907. The much larger number of accidents causing disability of shorter duration is not included.

Expressed in terms of workmen who had been employed 300

¹See also Bulletin of the United States Bureau of Labor number 90, page 719 for further discussion of this point.

²See also "Industrial Accidents and Loss of Earning Power," by Henry J. Harris in Bulletin of the United States Bureau of Labor number 92.

days in the year, the number of persons included in this study was 8,600,000.

About one workman out of every 100 received injuries causing serious disability or death, the average rate being 9.44 per 1,000 full-time workmen.

In the period 1897 to 1907:

There has been a decrease in the rate for accidents causing death.

There has been a decrease in the rate for accidents causing total permanent disability.

There has been a decrease in the rate for accidents causing partial permanent disability.

There has been a marked increase in the rate for accidents causing temporary disability lasting longer than thirteen weeks.

Workmen employed in teaming, hauling, etc., have the highest accident rate; workmen engaged in the tobacco industry have the lowest accident rate.

Arranged in order, the highest coming first, the following ten industry groups show the highest accident rates: teaming and hauling, flour milling, mining, woodworking, brewing, engineering construction, inland navigation, iron and steel, express and storage, and the building trades.

Arranged in order, the lowest coming first, the following ten industry groups show the lowest accident rates: tobacco, clothing, textiles, printing, pottery, paper, glass, railways (private), chimney-sweeping, and marine navigation.

The accident rate for males is higher than the rate for females.

Injuries to workmen occur with some uniformity throughout the various months of the year, with a slightly higher rate in October.

Workmen are injured more frequently on Monday forenoon and Saturday afternoon than during the rest of the week.

Workmen are injured more frequently in the latter part of the forenoon and in the latter part of the afternoon than during the rest of the day.

Of the 81,248 workmen injured, about 5 per cent were injured during the first hour that they were at work, 8.6 per cent were injured during the second hour, 9.2 per cent during the third hour, 11.3 per cent during the fourth hour, and 12.2 per cent during the

fifth hour, the highest for the day; for the rest of the working day the percentage is irregular.

Workmen are injured most frequently by fractures, contusions, etc., and these injuries occur most frequently to the arms and legs.

Workmen are injured more frequently if they have been employed in an establishment for but a short period of time; considering only the first year of the workman's employment in an establishment, those employed a shorter period of time are injured more frequently than those employed for a longer period.

Workmen are injured more frequently if they have been employed in an occupation for but a short period of time; considering only the first year of the workman's employment in an occupation, those employed for a shorter period of time are injured more frequently than those employed for a longer period.

Workmen are injured most frequently by working machinery (presses, lathes, looms, etc.); arranged in order, the highest coming first, the five most frequent causes of injury are: first, working machinery; second, collapse, fall, etc., of materials; third, loading, unloading, etc.; fourth, falls, falling from ladders, stairs, etc.; and fifth, railway operation.

Workmen receive fatal injuries most frequently from the collapse, fall, etc., of materials; arranged in order, the highest coming first, the five most frequent causes of injury are: first, collapse, fall, etc., of materials; second, railway operation; third, falls, falling from ladders, stairs, etc.; fourth, inflammable, hot, or corrosive substances, etc.; and fifth, teaming, hauling, draying, etc.

Of the injured workmen sustaining serious injuries, about 50 per cent were still disabled to a greater or less extent at the end of five years.

Workmen injured by accidents due to the fault of fellow workmen formed 5.9 per cent, by accidents due to the fault of the employer 12.6 per cent, by accidents due to the general hazard of the industry 37.7 per cent, and by accidents due to their own fault 41.3 per cent of all the injured persons studied. During the period 1897 to 1907, the proportion of accidents due to the fault of the employer has decreased, that due to the hazard of the industry has decreased, while that due to the workmen's own fault and to the fault of fellow workmen has increased.

Progress in medical treatment. One of the best features of the European experience is the demonstration that by a comprehensive plan of medical treatment, many injuries which were formerly classed as permanent disabilities, may be removed and the earning capacity of the injured person restored. In Germany special institutions for the treatment of industrial accidents have had remarkable success in removing disabilities which have heretofore been regarded as permanent disabilities. Experience has shown that where life pensions for injuries are paid, the insurance administration must adopt aggressive measures for the treatment of the injured. The lack of knowledge on the part of the workmen, the inexperience of many surgeons in general practice and it must be admitted, the occasional unwillingness of the injured person himself, makes it not only advisable, but imperative that ample control over the medical treatment of injured persons be placed in the hands of the insurance authorities.

Forms of disability other than accidental injuries. That the risks of modern industry cannot be entirely included under the term accident has been clearly shown by recent experience. This is well known in the case of workmen who handle such substances as lead, arsenic, hides which produce anthrax, as well as other well-known occupational diseases. Other forms of disablement due to the occupation come more slowly but cause disability no less severe than an accident. The glass and the metal grinder for instance, have death rates from lung affections much in excess of the average rate. The trade life of the miner for instance is comparatively short and the exhaustion of his working ability comes much earlier than in the case of the average workman. The cost of these disablements is an expense which Austria, France and Germany charge on the industry, although the workman and the state also contribute. In Great Britain, the disabilities due to a specified list of occupational diseases are included under accidents entitled to compensation.

ENTERPRISE LIABILITY FOR INDUSTRIAL INJURIES

BY CHARLES HERBERT SWAN, BOSTON,

Delegate from Massachusetts to the Annual Meeting of the American Academy, April 7 and 8, 1911.

The most interesting feature of this meeting of the American Academy of Political and Social Science has been the very general agreement upon the utterly unsatisfactory character of the existing laws for employers' liability. Three ideas in this connection stand out very clearly in the discussion:

First. That the inherent defect of the existing remedies for industrial injuries is that the relief is given as a personal liability founded upon the idea of wrong done by the employer or implied in the negligence of his agents. One of the speakers from the floor called attention especially to this defect as having been recognized by the New York commission, which, nevertheless, started from the same point of personal liability in the act that was declared unconstitutional by the Court of Appeals of New York state. The same point of departure appears also in the New Jersey statute recently enacted. In this plan the statute removes important defenses of the present law, but does so as an inducement for employers to agree to a schedule of compensation, which would supposedly be less burdensome than the amended liability to damages after the restriction of defenses hitherto allowed.

Second. The constitutional difficulty appears, as it met and overthrew the New York statute in the Court of Appeals. It is likely to encounter any statute that is based upon the idea of imposing a personal liability in cases where there is no really wrongful act or omission of the personal defendant or his agent. What the injured workman really wants is neither charity nor mere damages for a supposed wrongful act, but relief in case of injury in his employment whether or not any person in particular is at fault. It is at least open to question whether the New Jersey act, even if constitutional, is a worthy method of handling the problem by enacting a liability, which on the theory of liability between individuals is merely an unjust reversal of present injustice in select-

ing the party to bear the "assumption of risk," etc., and particularly in enacting such liability in order to induce employers to agree to a schedule of compensation, which however wise on the average is arbitrary in a particular case, and further to agree to apply that schedule in cases where it would probably be unconstitutional as an original act, as in New York. The New Jersey statute may work well enough as a rule of thumb for "Jersey justice," but it contains a dangerous precedent.

Third. The insurance features to be considered were strongly emphasized as essential elements of the problem, and in particular the utter disproportion between the amounts paid out by employers on account of the present liability laws, and the amounts which actually find their way into the hands of the needy recipients. The establishment of some sort of insurance fund seems to be the necessary corollary of any scheme for a regular schedule of relief; and the economy of some plan of mutual insurance among groups of interested parties, with careful supervision, and attention to safety devices, was indicated by several speakers.

In order that a state may justly and reasonably compel or induce groups of private parties to enter into schemes of mutual insurance there must be discovered some right to be conserved, other than the mere arbitrary decree of personal liability in the absence of wrongful acts. Also the creation of a fund for the systematic relief of injuries may help us over the constitutional difficulty of taking property upon an arbitrary schedule. It may thus keep us from trying to do a good thing in a bad way, or from doing a bad thing for a good result.

As already declared, the principle of personal liability as for a wrong, seems to offer an utterly insufficient starting point for a satisfactory system of relief. There are, however, other conceptions of rights and remedies known to the law besides the idea of personal liability. They result from situations in which a person has devoted or placed his property in such a relation to another person that such other person may have claims upon that property quite aside from any personal liability. Such a situation is well-known to exist in the maritime law, and is not unknown on shore, as for instance in the cases of liens by legal interpretation or statutory enactment.

Perhaps we can take the general idea of the mechanics' lien

laws as an analogy from which we can construct what we may call the principle of enterprise liability for industrial injuries. In the case of a mechanics' lien, the owner of property consentingly places that property in such a relation to other persons that such persons have a reasonable claim upon such property for the labor or materials put into the enterprise. In the case of an industrial enterprise of production, distribution, or public service, the investors and the workmen put their property and their lives and health in such relation to the enterprise that they build up or maintain a going concern, with a valuable good will, which, as the outcome of joint enterprise must be kept up and maintained by the repair of worn out parts and compensation for injuries inflicted by its operation, or else it is not paying its way.

If this analogy with a mechanics' lien law is correct, then we may, perhaps, exemplify it in a statute establishing a lien upon the assets of such an enterprise, in distinction from a personal liability against the employer, without violating the constitutional prohibition against taking property without due process of law; for the right asserted would exist by virtue of the acts of the interested parties in devoting their lives and their property to a certain purpose, and the right would be limited to such property so devoted as assets of the enterprise. Further, however, such a lien standing alone must be determined for individual cases according to the circumstances of each instance, like damages; but right here comes the opportunity for the application of the principle of insurance, for as the right arises by the acts of the parties in a going concern, so the statute in establishing a remedy by lien may adjust that remedy upon the basis of insurance averages for the risks of the industry, so that persons devoting their services and property to such an enterprise may do so in pursuance of the statute. A supposed law for Massachusetts, according to the foregoing ideas, is appended as an illustrative outline, and not as a final form for enactment.

Draft of an Act for the Relief of Industrial Injuries in Massachusetts:

1. Any person employed for the performance of personal services in an industrial enterprise for the production or distribution of commodities or the rendering of public service for profit, if such person shall suffer bodily injuries in the regular course of business or the execution of his duties in such enterprise, shall have a lien upon the assets devoted to such enterprise; but the title in fee simple to any specific property shall not be affected hereby when a lesser estate only is comprised in the assets of such enterprise.

2. The said lien shall be for the purpose of providing relief or compensation, to the person injured or his dependent relatives for such bodily injuries, and all persons hereafter devoting or continuing to devote their property or services to the uses and purposes of such an enterprise aforesaid shall be taken and held to have devoted their property or services respectively within the purview of this act and in consent to the provisions herein, except and in so far as the performance of any such services may be in pursuance of a contract of employment, already existing at the time this act shall first take effect, and until such existing contract shall be terminated by its own limitations.

3. Such lien shall be enforced, except as otherwise herein provided, by proceedings in accordance with sections twenty-three, twenty-four, twenty-five, twenty-six, and twenty-seven, of chapter 198 of the Revised Laws, except that the proceedings may be instituted forthwith upon the happening of the injury or within a reasonable time thereafter, and the jurisdiction of the court shall be according to the place where the injury shall have occurred. Further proceedings may be had in accordance with sections twelve to twenty-seven inclusive of chapter 197 of the Revised Laws, so far as such sections may be applicable in any case, and may include personal property as well as real estate. The initial proceedings may be begun by petition or by writ as in an action at law, and may be with or without attachment of the whole or any part of the assets liable to the lien, or with the joining of a debtor holding assets as in trustee process; but the title to specific property shall not be affected except as by attachment or levy on execution or a decree of court duly recorded in the appropriate district according to law.

4. Provided, however, that such a lien shall attach to any such enterprise only for the several amounts, rates, or payments, and at the several times respectively, set forth in the "Schedule of Relief" hereto annexed, when and so long as any such enterprise may be or remain enrolled by its owner or its responsible manager under the benefits of a mutual insurance association among the owners of like enterprises in the same general line of business, as hereinafter set forth.

5. The Insurance Commissioner of the Commonwealth shall from time to time classify the enterprises liable under this act in groups or classes of the same general line of business according to similarity of risks, and the owners or the responsible managers of any or all of the enterprises operated according as the chief preponderance of their business generally in the same general line of business may form one and only one mutual insurance association in the same line of business, for the purpose of paying claims under this act against the enterprises duly enrolled under the benefits of such an association. Any enterprise in a particular line of business shall be enrolled at the request of the owner or the responsible manager upon terms approved by the Insurance Commissioner.

6. Such an association shall be a corporation competent to sue or be sued by its corporate name, and may be organized by such owners or managers as in the judgment of the Insurance Commissioner shall establish in any one line of business the most equitable system of rates, premiums, and

assessments, among the members. In the first instance such rates, premiums, and assessments shall be fixed by the association, subject to the approval of the Insurance Commissioner; but the Insurance Commissioner may from time to time order any such association to amend its rates, premiums, or assessments, according to a more equitable basis in reference to the risks in fact involved, and in default of compliance with such order, the Insurance Commissioner may apply to the Supreme Judicial Court in Equity for the dissolution of such association, and the costs and charges of the proceeding.

7. Whenever any lien under this act shall be established against any enterprise enrolled under the benefits of any such mutual insurance association, such association shall reimburse the owner or the responsible manager of such enterprise for the several sums of money at the several times as they become due and for default of sufficient funds shall assess the said sums among the members of the association according to the previously determined system of rates, premiums, and assessments; or such association shall assume the liability to the injured person or his dependent relatives, if he or they as the case may be shall accept such liability of the association and discharge the lien, in which case also the association shall be held to make all necessary assessments as aforesaid.

8. No action at law for negligence shall be maintained in any case of injury for which relief is provided in this act, but a mutual insurance association liable to reimburse the owner or the responsible manager of any enterprise hereunder may recover damages against the person actually at fault, except the assured or the injured person, but against the assured if the injury shall have been caused by the wilful or malicious act of the assured or his neglect of precautionary regulations of such association approved by the Insurance Commissioner.

9. "Schedule of Relief."

(Same as the schedule in the New Jersey act for instance.)

DISCUSSION

MISS FLORENCE L. SANVILLE, PHILADELPHIA: I was asked to-day to contribute a few facts, local and concrete, in the way of discussion. These facts have been gathered during the last few months by a detailed investigation into factory conditions in Philadelphia by the Consumers' League, and I want, in my five minutes, to give you two simple little instances, and draw the simple conclusions that come from these instances. A few weeks ago two representatives of the Consumers' League, visiting a factory,—well cared for, and with an employer considerate in many ways,—found that the fire escape exits consisted, as they commonly do, of windows; but that the windows were held closed by screws! The screws were taken out in the presence of the investigators, and I trust that they still are out.

Within the last two days, two of the representatives of this society, in answer to a complaint, visited another factory, in the rear of the fifth story of a building occupied by different shops, and found the window exit to the fire escape so blocked by a row of machines, that the special investigator, who is not at all a large woman, was not able to reach the window. In the front part of that same story was another shop, occupied by a shirtwaist manufacturer. Here there were fire escapes with unobstructed exits; but in discussion with the employer it appeared that the fire escape had not been tested, and it was not known whether it would hold or not. When asked where it led to, he answered that no one knew; but that when one arrived at the second story platform, the best way would be to take a very short jump to the neighboring building, and that from there it was a drop of only one story to the ground. The visitor, however, climbed to the bottom of the fire escape to see where it led to, and discovered an apparently blind alley with no connection with the street. When she re-entered the shop, she was met with the amazing statement that one of the partners in this firm had had eight girls burned to death one year ago in another building, and he yet had never had the interest to find out whether this fire escape had an exit!

You cannot legislate against such brutal indifference as this,

but you can legislate for compulsory safeguards that will nullify its effects; and the Consumers' League is urging now that the Legislature take up two things directly traceable to discoveries of this kind. One is that proper exits to fire escapes shall be specifically required; and the other is, that fire drills, such as are customary in schools, shall be compulsory in factories. Fire escapes and adequate exits may exist; but in time of panic no one can foresee what terror seizes upon the mind of people, and unless habit has accustomed them to turn instinctively to means of safety, loss of life is almost inevitable. In our schools it has been successful. The children, young as they are, untrained as they are, turn to the safe way. Why not in our factories? There are ten factories to one school. The lives of our school children are infinitely precious. Are the lives of boys and girls who work less precious because they are in industrial pursuits?

MR. MILES M. DAWSON: There are two or three small matters which it would be virtually impossible for anyone not an actuary to bring forward, and I think it would be very unfortunate if we were to go away without bringing them out. One of these has relation to the difference in expense in the different insurance systems in Europe. Many of you have doubtless read the book prepared by Mr. Frankel and myself. The expense of insurance under state compulsion is about the same in Norway (straight out state insurance), in Austria (with employers and employees and the state participating), and in Germany (where the system is two-fold; one part run entirely by employers with supervision by the state furnishing benefits beyond the first thirteen weeks, and one covering under thirteen weeks run by the employers and employees). The expense is about 12 per cent of the gross collections which in Germany are really about the net amount currently paid out. In Norway it is an amount sufficient also to set by a reserve to take care of the future, and in Austria was intended to be sufficient, but never has been. In Germany the carrying on of sickness insurance by the workmen's societies costs about 8 per cent only.

Private insurance under workmen's compensation laws, has, in Great Britain, cost about 50 per cent of the entire collections, including the amounts required to be put by as reserves; which is fully 100 per cent added to the net cost. In other words, it is about

eight times as expensive, from the management and expense standpoint. In England, where commissions are lower than here, the commissions are equal to 30 per cent of the net amount required to furnish insurance.

In figures, I take it that in the United States we shall have about as many dollars to pay for our insurance, when it is in force, as marks in Germany. This is due to the higher purchasing power of money. If that should prove to be true, the net disbursements should not be less than 400 million dollars, when it is in full swing throughout the United States; and if you add 100 per cent for private insurance expenses you will add another 400 million dollars to it. If it is carried on under a similar system to that in Germany, and other countries, it can be carried on for about fifty millions of dollars. I need not say to you that, no matter what system you may use, there are, in fact, \$350,000,000 taxes paid unnecessarily for a service not required.

In New York in the building trades complaint was made after the workmen's compensation act was passed, because it was not state insurance. When they found the rates, made by adding the new charge to the former employers' liability rate, increased to as high as 20 per cent on the payroll—when they faced that, and realized that under state insurance it probably would not have been over 7 per cent or 8 per cent, their prejudices fell away promptly.

I may say that the Labor Department at Washington has published tables of the rates under all the different systems in Europe and in this country for a large number of representative employments in its September, 1910, Bulletin.

Another matter I wish to call attention to is relative to a statement by Dr. Talcott Williams. He compared the cost under the German system for insurance of employees in coal mines in the last year of the twenty-four, with the cost the first year, and he thought it represented an eight times increase in the cost. This is true only in a certain sense. The German system pays all its benefits in annuities or pensions. The result is that the first year there was only an average of six months' payments of the annuities incurred by reason of one year's accidents. In the 24th year, there were annuities to people who were injured the first year, the second year, and every year up to the twenty-fourth. The actuarial system called for a steady increase of outlay, not due to an increase

in the risk at all, but due to the actuarial structure of the plan, which started with only what was necessary to pay the current benefits and has increased as the number of annuitants from the previous years has increased. It is estimated that the ideals when that law went into effect have been realized.

MR. M. M. DAWSON: The suggestion has been made of compulsory insurance with free choice of companies. No one who does not study the subject from a technical standpoint, can say what the objections to introducing that system would be. In the first place, it is the experience of all European countries, where they have introduced it, with state insurance in competition with private insurance companies, that state insurance has not been conducted as economically as when given a monopoly. It has been found advisable, also, as in Sweden, to employ agents for the state companies. The moment, likewise, that you give free choice of companies, you must set up a voluntary reserve system, a system of reserve sufficient to maintain all the benefits that you promise to pay. This, as actuaries will certify, is unnecessary under the compulsory system, but it must be done under a voluntary system, including any system of free choice of companies. This involves a great and sudden increase in rates instead of a gradual one, taking no more money than is currently required.

Reference has also been made to explosives. In countries like Great Britain, where there is a purely voluntary system, the regular companies absolutely refuse to insure, and consequently the only way is for the employer to bear it himself, or for the employers to group and carry on a mutual system. In countries where there is compulsion, but with free choice of companies, the state must cover these risks. Indeed, under such a system the state company must take all the risks that other companies refuse.

Yet, under such a system, which is in operation in Sweden and in Holland, the state company is destroying the private companies utterly. The system merely prolongs the agony and increases the expense.

A suggestion has been made from the platform that perhaps workmen would not be willing to contribute, and that they should not be required to do so. In Europe, it has been found unwise to require them to contribute to defray the cost of industrial accidents.

In no case, except in Austria, where their contribution is fixed at 10 per cent, have the men been required to contribute to a fund which pays for accidents occurring while at work. In most comprehensive systems, such as that of Germany, which covers disability due to any cause, there are contributions from workmen. They have been willing to contribute in such case, also, wherever they had the opportunity.

I may add that many, my clients and others, who are adopting mutual systems in this country, have faced this same objection, and, provided workmen were given broad protection, they recognized it as just and have been willing to contribute fairly. It all depends upon whether they are offered a good bargain.

Another statement that I think proper to make, is that the gentleman who urged amendment of the constitution as the next step, should take into account that in order to generally introduce laws in that way, we must have forty-six separate states take action upon amendments to their several constitutions, and also upon amendments to the national constitution. It would, therefore, be many years before we would have achieved what we set out to accomplish.

One further remark, also, concerning a matter of fact. It is that this suggestion concerning national action calls forth my recollection of an interview with the vice-president of the German insurance department, having charge of the supervision of their system. That gentleman, having watched very carefully the conditions the world over, expressed his belief that the one country in the world where the German system could be used without destructive modification, was the United States. One reason why he was of that opinion, is because we have these separate states and territories. Germany, as you all know, is composed of separate kingdoms, each with sovereignty over local affairs and under its own hereditary monarch. A like situation confronts us in this respect, that there must be free trade between our various states. Therefore, we should have a uniform system throughout the country. What looked at first most difficult there, has now proved the very easiest thing to do; and I am not without hope that such may also be true here.

I wish to announce that there will probably be held in this country within the next two years, in 1912 or 1913, an international congress upon social insurance at which all of the great experts

of Europe will be present. It will be quite as open as this meeting for public discussion of all phases of this question. Authority has been given to President Taft by Congress to invite delegates from foreign countries to attend such a congress; and the International Committee of the congress has agreed to come, if officially invited.

You should receive due notice of this and, if interested, please send your name to the Secretary of the American Academy, at West Philadelphia, and you will be informed by the International Congress Organization Committee, when formed.

MR. FRANCIS H. BOHLEN: One thing has been emphasized in the discussions, not only this afternoon, but throughout, and that is that at best any scheme of workmen's compensation merely, such as that in England, is but a step towards a final ideal. I am quite convinced by the little personal attention which I have been able to give to the subject that adequate relief can be secured only by some system of insurance. There is one point alone which I think shows the absolute necessity of this. The relief, to be real relief, and effective for relieving the wants of the workmen, and of his family after his death, if the accident should unfortunately result in death, must evidently be administered by payments in installments. Now it is quite impossible in smaller trades to secure the constant payment of installments, except by the purchase of annuities,—and we have no governmental bureau or department from which such annuities can be purchased,—or by insurance of some sort. Indeed, we seem to be, upon that point alone, reduced to the necessity of summoning the aid of some species of insurance.

A great deal has been said (I am a lawyer also, or at least have been) in regard to the waste incidental to the services of my much maligned, or perhaps accurately described profession. It seems to me from what I have heard, that a great part of the waste, and there is no doubt of a great deal of it between the time when the payments leave the pockets of the employer and when they come to the hands of the workmen (it has been calculated to be at least 60 to 75 per cent), comes from the competitive nature of private insurance. There seems to be no question, from the figures heard yesterday, that a great part of the premiums go, not only to the expenses necessary to insurance, but to a great many that are necessitated only by the fact that the insurance companies which

do the business are not only insuring for their profit, but are also insuring in competition with other companies which desire their share of the business.

There seems to be no doubt as to one further point, that that species of intimate and careful inspection by the body which has charge of the insurance, which is the best guarantee of a faithful effort to secure the safety of the workmen, can only be attained without friction, and with the fullest efficiency, by the inspectors of mutual or group insurance. I have no doubt that in an ideally administered state, a state insurance department might exist which, by grouping employers in the various trades in accordance with the condition of their factories, and according to those whose factories were in a thoroughly efficient and safe state a lower rate of premium than those in less safe condition, might accomplish excellent results, but no government supervision in America has been found to work as efficiently as that compelled by the self-interest of the persons most nearly concerned therein.

There is one more result which I think this species of compensation would accomplish, I would not say in the prevention of accidents, but in minimizing their effect and consequences. There are quantities of comparatively small accidents, which, if they are neglected, do result in very serious injury. Making the master liable in any shape or form for part of the wages of the injured workmen, will afford an incentive of self-interest, to induce him to afford injured workmen immediate aid and medical attendance in order that final consequences may be made as light as possible.

MR. EDGAR M. ATKIN: For five and a half years I was in charge of the Claim Department of the New York Edison Company. During that time the company carried no liability insurance, but treated the accident problem by means of a system of compensation which was so satisfactory that only six law suits resulted from approximately three thousand accidents. It was our experience that the principle of compensation to employees is economically sound and a vast improvement upon the theory of employers' liability.

It is provided in paragraphs nine and ten of section two of the New Jersey act, that the workingman in New Jersey shall not lose any of his contractual or constitutional rights under this law. Under the provisions of the Barnes' act in New York, a brakeman is not considered to be the fellow servant of an engineer or switch-

man, and yet under the provisions of the liability law of that state, a cash girl in a department store has been held to be the fellow servant of the man who runs the elevator. This is a strange anomaly.

A remark was made this morning to the effect that not a single claim was made by an employee against an employer under the compensation act which was declared unconstitutional. The reason for that is not hard to ascertain. Employees and their attorneys were afraid to bring test cases under the compensation act until its constitutionality was determined in the decision in the Ives case. In the event that a constitutional act is passed there can be no doubt that a workman will take advantage of it.

It is the theory that the ultimate consumer should bear the loss occasioned by accidents in all branches of industry. How can this be done where the price of the commodity is limited by legislative enactment, as is the case with street railways, the gas and the electric industries?

I regret that in declaring the New York liability and compensation law unconstitutional, the court was compelled to strike out that clause which should have been in the amended liability law which clause provided that every contract taken by an attorney on a contingent basis should be submitted to the judge trying the case. Some provision for the inspection of contingent contracts in accident cases should be made in all laws of this character that are passed in the future.

MR. JAMES L. GERNON, of New York Joint Labor Conference: I am reluctant to take part in the debate, owing to the five-minute rule. We know, of course, that the compensation law in New York State has been declared unconstitutional, and we have heard much of the compensation law of New Jersey, which has just been enacted. The New Jersey law does not appeal to the labor people who have made a study of the subject, for the reason that it does not permit the freedom of contract. This law wipes out the fellow servant and assumption of risk defenses in the liability, and in lieu of that establishes compensation. Now, we all know that with the defenses removed the employer will take compensation because it levels the liability, and the employee will secure employment provided he waives his common law rights.

One gentleman spoke yesterday on the excellent plan of compensation of the International Harvester Company, but this same company denied the loyal American citizens in its employ the right to celebrate Washington's birthday as a holiday, and because they refused to work they were discharged. This demonstrates the freedom in employment. The International Harvester Company and the United States Steel Corporation can put in operation plans of compensation because they have a practical monopoly of the industry and can make the wage-earner pay the cost of their plan. If there is to be any compensation for industrial accidents, we want every manufacturer to have his freedom and every workman to have his.

It does seem to me that the New Jersey law is no more constitutional than the New York law, and is pernicious for the reason that it will compel thousands of employees to sign away their common law rights when they enter employment, notwithstanding the fact that they may never be injured. The New York Joint Labor Conference has given this subject considerable study. We have worked with the New York State Commission as well as we could, and we differed with them on many points. We believe we are much more advanced, and many students of this subject say we are right. Certainly no one can be right as to what is constitutional, because all the eminent lawyers in New York differed on this subject, and we assume that most of the good lawyers are in New York; at least the headquarters of corporations are there and they center their legal talent there.

The New York conference is on record as in favor of compensation, the same to be on a state insurance plan. When suffering injuries in industry we do not wish to be at the mercy of a bankrupt employer or corporation, nor of the evils of insurance companies. Therefore, we favor a state insurance plan of automatic compensation. If a just plan under such a system were established by the state, the working people would not object to reasonable contribution, notwithstanding that they suffer all the pain due to industrial accident, together with the economic loss.

Every one seems to side-step the idea of amending the constitution. We should not reverence the constitution because it has been in existence one hundred and twenty-five years or so. If the American Constitution does not permit the producers of this country to receive as just treatment as they do in every paternal country

of this great world, then it is not what it should be, and the sooner we amend it the better. The working people of the State of New York are committed to this proposition, and we are determined to amend the constitution of the state. Even if it takes years, it will be amended. If the American Constitution does not give us what we can get under paternal government it is time for every free-born American and every citizen to exert his efforts to change the constitution.

MR. HOWELL CHENEY: Without detracting from the earnestness of the previous gentleman as regards the impracticability of establishing compensation systems under small employers, I must express the conviction that a compensation system is perfectly feasible for the small employer, as well as for the large one, if it is treated as any other item of the cost of production and conducted with strict attention to prevention. I can speak from the continuous experience of a large business which started as a very small one and which has continuously compensated accidents arising out of employment without regard to fault; that such a practice has proven it possible to go for sixty-five years without an accident suit, and even without paying a lawyer's fee because of personal injuries arising out of employment. Injuries received in the course of employment have been compensated for without question as to the negligence of a fellow servant, or the trade risk, or the contributory negligence of the injured person unless it were of a serious and wilful nature. This system was carried out both as a small firm and as a large one. It was carried out in the belief that strict adherence to the doctrine of personal fault could arrive neither at justice nor prevention.

We have all come to recognize generally that a large part of the industrial accidents are not due to fault in the sense that it is humanly avoidable or preventable, and that the rigid adherence to such a mistaken principle has made neither for efficient prevention nor compensation. But the public realization of the injustice of our old theory of personal fault has lead not unnaturally to the trying out of another fallacy; that since it was not the fault of the injured person it must be the fault of his employer; and hence, it was the duty of the state to step in and demand compensation, because of such assumed or imputed fault on the employer's part. Undoubt-

edly, gravely dangerous conditions have existed which justify this policy as a matter of equity, if not as a matter of law. But, if the New York decision has freed our minds of the idea that we can arrive at a satisfactory measure of justice by imputing a fault generally, when none may have existed, it may perhaps lead to pointing towards a truer solution of the difficulty. Since the courts have told us that we cannot invoke the police power for the protection of workers, unless fault exists either actually or constructively, we may finally abandon the idea of basing our remedy upon any idea of fault and seek, not negatively, but constructively to legislate for the protection of the workingman by the laying of a tax upon all industries to compensate for the injuries due to the inherent risk in industry as a whole, and justify such tax as necessary for the general welfare.

An appeal to the enlightened self-interests of the community, especially to employers, has justified taxes for industrial education, for the physical care and feeding of school children, for the suppression of tuberculosis, for the support of the poor and destitute, and for the maintenance of hospitals for the insane, drunkards and other mental and moral wrecks of our industrial system. We are no longer justifying our expensive school system solely on the idea that the protection of the citizenship of a democracy demands the cultivation of a higher general intelligence. We are frankly affirming that the protection of our citizenship depends upon the efficiency of its workers, and are making large public expenditures for the cultivation of a higher efficiency. Such expenditures never could have been justified by an appeal to the state to protect its workers from the direful effects of ignorance and inefficiency by an arbitrary taking of money from a limited class of employments in which the conditions might amply justify such a course. The fact that the courts have held that we cannot impute or create a fault where none has existed, nor deprive a man of his property without due process of law would not, at least to the lay mind, necessarily deny the right of imposing a tax upon all of the industries of the state for the protection of the welfare of all of its workers. And if you will appeal to the enlightened self-interest of employers on the grounds of the increased efficiency of their workers, which will result from such adequate compensation and the real prevention which such a tax will induce, you will make far more rapid progress

than by grieving over your failure to invoke the police power as regards a limited class of industries by imputing a fault where none may have existed.

It was generally recognized that even if it were possible to base compensation upon the police power it could not have been made automatic as being based upon fault every man must have his day in court to defend himself. It would have thus been subject to one of the worst evils of present conditions, the law's excessive expenses and delays. The creation of a state tax to support industrial insurance does not necessitate such a failure in methods.

It is an unfortunate feature of most reform legislation that in its initiation it proceeds by restriction or negation. Not until the evils of restriction become apparent do we proceed constructively to accomplish what we are really after. This has been well illustrated in child-labor legislation, where wise restrictions have led to our realizing that the efficient education of the child for his future life was his truest protection, and of far more importance than the simple forbidding of employment. And an appeal to the enlightened self-interest of the employer to assist his future workers in a training for efficiency is now enlisting his support where simple negation met only opposition. We have another illustration of the same idea in the extension of educational work in regard to tuberculosis, and general hygiene and sanitation.

We are becoming used to a wider exercise of the taxing power, and employers can mutually come together on a principle which appeals to their intelligent self-interest by showing them that constructive work can be done in conserving the efficiency of their employees. And as a speaker has well said, physical well-being and its resulting efficiency is reduced not alone by industrial accidents, but by sickness and disease. Any effective system of industrial insurance must be capable of ultimately extending itself to sickness and death from disease. And any effective industrial insurance must be a tax upon all industry, workers as well as employers, and not upon a limited class of employers alone.

MR. PIERRE R. PORTER: I have been asked to tell you in a few words what has been done upon this question in Missouri and in Kansas. It was my pleasure to be a member of the Missouri commission, and I have also, upon several occasions, appeared before

the legislatures of Missouri and Kansas with reference to legislation upon this subject. Last December Governor Hadley appointed a voluntary commission and requested that this commission should frame a compensation act within thirty days. I think if anybody should ask you ladies and gentlemen to do this that you would do exactly what the commission did; you would say that you could not do it. We made a report to the Governor that owing to the constitutional questions involved and the lack of information and especially in view of the brief period of time allotted to us, we would not take the responsibility of framing a specific act, and we recommended that a permanent commission be appointed by the legislature to study the subject for two years, with an adequate appropriation, and report a bill back to the legislature at the 1913 session. Governor Hadley made this recommendation, but the legislature being democratic and the Governor being a republican, the recommendation was not followed and no definite action was taken by the legislative body. However, the Senate appointed a committee of five of its own members to study the question.

It is interesting to note the difference in the trend of legislation in Missouri from that in Kansas. In Missouri, two liability laws and two compensation bills were introduced, but the whole matter was bottled up for this reason: the representatives of the Federation of Labor desired a liability law similar to the Federal law, while the employers and the manufacturing interests took the position that the matter should be referred to a permanent commission along the line of the report of the voluntary commission. The result was—nothing. In Kansas the same fight went on along the same lines. Laboring men wanted the liability law and the manufacturing interests wanted a permanent commission. The result was a compromise. The legislature passed a compensation act, which is virtually the National Civic Federation Bill, with—tacked on to it—an elective plan, that is, the act is not compulsory, but is optional. There is some question whether this Kansas act is constitutional because, while it does not in so many words compel the employer to give compensation, yet the result is the same, because it virtually says to him, “you need not agree to give compensation if you do not wish to, but if you do not we will take away your legal defenses.”

If I may, in a friendly way, criticise this discussion, there is one point which has not been touched upon at all. We have heard

a great deal of the desirability of a compensation act which shall be compulsory upon the employer, but we have not heard a word about the advisability of an act which shall be compulsory upon the employee, and I feel that if you do not get an act, which, in effect, shall make the workman take compensation, then your act will not be practical in its operation. If you take away the legal defenses and allow the workmen to either sue at common law and have plain sailing before the jury or take compensation, he will do this: If he has a case where he can get large damages, being persuaded by smooth-tongued lawyers, he will reject the compensation and sue at common law, and the present evils will continue. On the other hand, if he has no case at all he will take the compensation offered. Does it not occur to you that in that sort of an act, which is really what most agitators upon this subject have in mind, you are really creating a double liability? That is the conclusion which our commission came to, and we felt that with our lack of knowledge, and in view of the difficulties encountered by the other commissions, it would have been a mistake for us to have recommended a liability law, because that would have been a step in the wrong direction, or to attempt a hastily prepared compensation law which would have not been satisfactory, and thus perhaps have made the question of compensation more difficult than ever. So we sought to do this: we sought to initiate the same idea into both Missouri and Kansas, namely: that there should be a permanent commission appointed in each state to study the subject, and these two commissions should work together with the idea that we should have uniform laws in both of the states, because if, of two sister states, one has a drastic law and the other has none, the situation will be dangerous and harmful to competitive industry. The result was that in Kansas they have a compensation act, which may stand the test and may not, while in Missouri we have nothing, and it is a matter of much regret to Governor Hadley, and to the Commercial Club of Kansas City, that no definite legislative action upon this important subject was taken in Missouri.

MR. THOMAS J. CURTIS, President, Tunnel and Subway Constructors' International Union:—In regard to compensation, the industry that I represent is one that would need compensation very badly. Out of eighty cases in the last year that we brought to

court, previous to our New York law, we won only one. Just take into consideration the sorrow of the families of these men, some of whom are not able to be seen on account of being all blown to pieces, mangled, or with heads blown off. We have been successful, as I stated, only in one case in the court. The court has held that if a man, working at his daily work, happens to be blown up, the explosion was premature.

As to insurance, God knows we have plenty of that. We have had insurance agents come to the men when they were injured, and settle all the way from ten dollars to fifty cents. I had a man, only the other day, injured—leg broken in two places—a colored man. The agent came and settled for \$30. He came to me about eight weeks after he was hurt, and said, "Say, Mr. Curtis, when I settled for that broken leg I didn't know it was broken in two places. Do you think I could get \$30 more?" That is the way insurance has acted in this industry.

We hoped that this compensation act would be declared constitutional and, if it had been, we might have had some chance for the men that are under it. At the present time, just before my departure, I had to get two families, six children each, into an institution, and the mothers of those children have to go out to work. Not a cent in the house, and the organization could not afford to support them any longer. Why do not we want an amendment to the constitution, and should we not have an amendment to the constitution to protect men in that industry? We have had it agitated, as the newspapers would say, for five or ten years, trying to get employers in our industry to make it passably safe for men to work, and we have politics and everyone else against us.

The whole thing is that we never have any remedy. You find that the officials are beginning to take it up after we have a couple of fires. Only last year in my industry we had seventy-three men blown up by explosions and 150 permanently injured, and the employers have a system in our industry, where they dock them while they are up in the air. They did not get down quick enough, and lost ten minutes. There is no system of protecting men, or of getting damages in the courts. We have come to feel that if something is not done we will have to give up the idea of using the courts. In every case it is a premature blast. A man can be injured by a machine falling on him, and it was a premature blast that

caused it. Then, there is the reckless handling of explosives. There is a system to examine men for handling explosives. All you need is a letter from the contractor, and with a politician behind you, and you have your examination. It does not matter if you never saw a stick of dynamite—they take a chance on you, anyway.

MISS MARY WINSOR: My sympathies are entirely with one of the previous speakers who seemed to represent the working people, and said that the constitution "must be amended." He struck at the root of our difficulties. We have heard a great deal this afternoon about Woodrow Wilson, but let me remind you of a greater democrat, Thomas Jefferson, who said that the constitution should be amended as least every twenty years, so that the opinions of by-gone generations might not press like a yoke on the necks of the living generation.

I think we have all been impressed with the inconsistencies of this discussion. We have not debated whether these proposed measures (on employers' liability and workingmen's compensation), are just, or fair, or necessary. All that has been taken for granted, and we have occupied our time chiefly in discussing how we may best manage to go through, go around, or go under the constitution that stands like a barrier in the way of progress. And yet we are told by some of the speakers that we must honor the constitution, and look on it as a bulwark of our liberties. Now, if it is an obstacle to progress, so great that we must plot and conspire to circumvent it, how can it be a bulwark of liberty?

This remark is apparent in the remarks of Mr. Walter George Smith, who told us, in almost a threatening way, to respect the courts and the constitution; as if such responsibility did not rest also upon the constitution and the judges, who should render decisions that could be respected by the community.

I sympathize with the bitterness with which the gentleman spoke who was interested in the laboring class. I have been interested in getting better laws for working people and in child labor, and I tell you it is like walking through thick sand, if you make two steps forward, you slip back at least one. If you succeed in getting a good child labor law through the legislature, then there is surely a "joker" in it somewhere, and the courts may be relied on to declare it unconstitutional. That has been the practical ex-

perience in this state, and in other states. It is difficult to respect such laws and such judges, or the constitution, when it is made a pretext to overthrow merciful and humane legislation, intended to protect working women and children.

Let us amend constitutions, if they stand in the way of progress, and if they are holding this country forty years behind Europe. One of the eminent gentlemen who spoke this afternoon, told me, in private conversation some weeks ago, that his opinion of the constitution was very much in accord with mine, and I said to him: "If that's your opinion, *it's a great pity you don't say so in public.*"

DR. ROWE: Ladies and Gentlemen: Just a word in bringing this, our Fifteenth Annual Meeting, to a close. It is a real tribute to the citizenship and the civic spirit of this country that we can bring together from every section busy men to discuss the great questions, which affect the present and the future of this nation. I have always felt that in the United States we have the great advantage over Europe, in the possession of a reserve force of civic patriotism, of a citizenship imbued with a sense of obligation, far in excess of that which we find in the countries of Europe, and I think that this Annual Meeting has shown the strength of this civic feeling. The fact that representatives of all interests can get together and in a quiet, calm and dispassionate way, exchange their views and try to arrive at some just conclusion, is one of the most encouraging symptoms in the development of our national life.

Our gratitude is due to all the speakers at these five sessions, as well as to the presiding officers, all busy men, who have taken from their valuable time to give to us the result of their personal experience and investigation. I wish also to thank the official state delegates as well as the delegates from manufacturers', commercial and labor organizations, who have been so faithful in their attendance at these sessions. It is with keen regret that I now declare the Fifteenth Annual Meeting adjourned.

REPORT OF THE ANNUAL MEETING COMMITTEE

In the selection of the topic for the Annual Meeting this year the Academy was particularly fortunate in choosing a subject which at the time the meetings were held was attracting the attention of every section of the country. The deep interest manifested in the sessions is attested by the fact that the governors of fifteen states appointed special delegates to attend the Annual Meeting, and that delegations were also appointed by thirty-eight manufacturers' associations, trade and labor organizations. At no time in the history of the Academy has the influence of our organization on the public opinion of the country been more clearly demonstrated. Not only were all the sessions largely attended, but the special exhibit of safety devices, organized by the Academy as an integral part of the Annual Meeting, attracted widespread attention.

It is impossible for the Academy adequately to express its appreciation to those who participated in the sessions and also to the large number of persons, serving on special committees, who contributed by their services to the success of the Annual Meeting.

We also wish to express our obligation to those who took part in the Special Exhibit of Safety Devices. At this exhibit the following firms and corporations were represented:

ATKINS, E. C., & Co., New York,

"O. K." Saw Guard for Circular Saws.

BASS BROTHERS, New York,

Buckeye Shaper Guard,

Jones Jointer Guard,

Diamond Belt Shifter.

BURROUGHS AND WELCOME COMPANY, New York,

"Tabloid" First Aid Cases.

DAVY AUTOMATIC FIRE ESCAPE COMPANY, Syracuse, N. Y.,

Davy Automatic Safety Fire Escape.

GREINER & Co., New York,

Respirators.

HAMBURG-AMERICAN LINE, Philadelphia,

Photographs of Marine Safety Devices.

HAMRICK TANK AND BARREL HARD-SHELL ENAMELING COMPANY, Philadelphia,

Safety Appliances for use in Breweries.

- HAYWARD, S. F. & Co., Philadelphia,
National Smoke and Ammonia Helmet,
Hayward Fire Extinguisher.
- KEASBEY AND MATTISON COMPANY, Ambler, Pa.,
Model House Showing Use of Asbestos Fireproof Materials.
- LACKAWANNA STEEL COMPANY, Buffalo, N. Y.,
Abbott Rail Joint Plate.
- LINK BELT COMPANY, Philadelphia,
Chain Guard.
- McARTHUR PORTABLE FIRE ESCAPE COMPANY, Cleveland, Ohio,
McArthur Portable Fire Escape.
- McNUTT CAN COMPANY, New York,
Non-Explosive Cans for Volatile Liquids.
- MOREWOOD STANDARD SAFETY DEVICES COMPANY, New York,
Safety Window Guard for Window Cleaners,
Safety Fire Exit Door.
- NEW YORK ELEVATOR COMPANY,
Safety Elevator Appliances.
- NORTON COMPANY, Worcester, Mass.,
Grinding Wheel Protector.
- PATENT SCAFFOLDING COMPANY, New York,
Scaffolding Devices.
- PHILADELPHIA ELECTRIC COMPANY, Philadelphia,
Linesmen's Shield for Protection against High Tension Currents.
- PHILADELPHIA LOCAL TELEGRAPH COMPANY,
Watchman's Reporting Device.
- RIDER, P. L., Worcester, Mass.,
Barnum Respirator.
- SAFETY POWER TRANSMISSION COMPANY, New York,
Safety Shaft Guard.
- SCHUTTE AND KOERTING COMPANY, Philadelphia,
Safety and Emergency Stop Check Valves.

STILLMAN SAFETY LAMP COMPANY, New York,
Safety Lamps and Heaters.

STONE, WILLIAM, Milwaukee, Wis.,
Guard for Grinding Wheels.

STRAUS, NATHAN, New York,
Pasteurizing Plant.

UNITED STATES STEEL CORPORATION,
Photographs of Safety Devices in Use at their Plants.

VONNEGUT HARDWARE COMPANY, Indianapolis, Ind.,
Von Duprin Self-Releasing Fire Exit Devices.

WORCESTER PRESSED STEEL COMPANY, Worcester, Mass.,
Photographs of Safety Devices in Use at their Works.

ZEILLER & NAGEL, Brooklyn, N. Y.,
Saw Guards.

The Academy is under special obligations to the chairman of the local reception committee, Hon. Charlemagne Tower, as well as to the members of the committee, and to Mr. James M. Dodge and Mr. Murray Gross, to whose indefatigable efforts the success of the Special Exhibit of Safety Devices was in large part due. The Academy also wishes to express its obligation to those who so generously contributed to the special Annual Meeting fund.

During the period of the Annual Meeting the courtesies of the Manufacturers' Club, the Union League, the City Club, the University Club and the Acorn Club were extended to out-of-town members and guests of the Academy, and for these courtesies we desire to make due acknowledgment.

BOOK DEPARTMENT

NOTES

Ames, Edward S. *The Psychology of Religious Experience.* Pp. ix, 428. Price, \$2.50. Boston: Houghton Mifflin Company, 1910.

Beard, C. A. (Editor.) *Loose Leaf Digest of Short Ballot Charters.*

No. 175. New York: Short Ballot Organization, 1911.

"Loose Leaf Digest of Short Ballot Charters," by Prof. Charles A. Beard, of Columbia University, is, as its title indicates, a documentary digest of short ballot charters. It contains a brief digest of the essentials of commission charters and statutes and of other quasi short ballot plans. It also contains the texts of eight commission charters and of the Lockport Plan. Any special features of short ballot charters are briefly given.

There is a tabulated list of the cities working under short ballots, giving their population, the form and date of the act, the date on which the city began to operate under the act, and the salaries of the commission. There is also a tabulation of the initiative, referendum and recall provisions, giving the percentages required for elections under each. Emphasis is put upon the commission plan, but all of the data hinges mainly upon short ballot advantages.

The book is more than a digest. It contains chapters on commission government, including articles by President Eliot on "Better Municipal Government," by Robert Tyson on "Preferential Voting" and "Proportional Representation," by Richard S. Childs on "The Short Ballot: The Secret of Success of the Commission Plan," and by Delos F. Wilcox on "Municipal Franchises." Mr. E. H. Goodwin has prepared a "Civil Service Act Adaptable to Commission Cities." The book also contains a series of special reports from the larger commission movement cities, giving the actual workings of the plan. A full bibliography is appended. The book is in the loose leaf form that amendments and addenda may be readily added. The Digest is of inestimable value to all members of charter conventions and to students of political science who wish detail and accurate data.

Brandels, L. D. *Scientific Management of Railroads.* Pp. 92. Price, \$1.00

New York: Engineering Magazine, 1911.

The editor of the "Engineering Magazine" has printed in book form the discussion of the possible economies in railroad management as presented in the brief which Mr. Brandeis, as attorney for the shippers, submitted to the Interstate Commerce Commission in the cases involving the proposed increases in freight rates in Official Classification and Western Trunk Line territories. The views of Mr. Brandeis and his arguments in support of them are well known and are receiving serious consideration by railway officials as well as by the public. Their publication as a book is

fortunate because it makes them more readily obtainable, and will make their influence more widespread and lasting.

Chambers, J. *The Mississippi River and Its Wonderful Valley.* Pp. xvi, 308. Price, \$3.50, net. New York: G. P. Putnam's Sons, 1910.

This story of the history and romance of the Mississippi River and Valley is the eleventh volume in a series of books published to awaken a popular interest in the history of American discovery and development. The evident purpose of authors and publishers is to appeal to local sentiment. The books are so written as to be sold by the book agent; the illustrations are many, the press work, paper and binding are attractive. It is evidently assumed by the publishers that the general public, for whom the books are intended, will not insist upon literary merit. Many paragraphs of the volume on the Mississippi are mere jumbles of unrelated phrases. The superficiality of the treatment might be expected, because of the popular character of the book; but the disregard of all canons of good writing is inexcusable.

In spite of its serious defects, the book may be read to advantage by those who have not seriously studied American history or who do not have access to the standard works from which Mr. Chambers has secured his materials. Many readers will no doubt find this book and its predecessors entertaining, and the volumes will probably accomplish their general purpose of aiding in popularizing the history of our country.

Escher, F. *Elements of Foreign Exchange.* Pp. viii, 160. Price, \$1.00. New York: Bankers' Publishing Company, 1910.

This compact little volume is one of the "Modern Business" series, and is designed to meet the needs of the busy man who wishes to know something about the mechanism of international business transactions. It is probably the best book discussing foreign exchange from the American point of view. It disclaims any attempt to be theoretical. The facts, however, and the running comment upon them are good. They are interesting, well chosen and to the point. The book covers all the important varieties of foreign exchange, the sources of its supply and demand, the influences affecting its value, and the profit made in such transactions, with a chapter each on the "Movement of Gold," "Securities" and "Merchandise."

Floke, Arthur D. *The Breaking of Bonds.* Pp. 79. Price, \$1.00. Boston: Sherman, French & Co., 1910.

Frank, R. J. *Science of Organization and Business Development.* Pp. 278. Price, \$2.75. Chicago: Chicago Publishing Company, 1910.

The second edition of Mr. Frank's work covers the same general ground as the original volume published in 1907. Two-thirds of the book is given over to a very elementary discussion, which can be comprehended by any layman, of the methods of planning, organizing, financing and managing corporations. The most valuable portion of the book to the average reader

is the large appendix comprising the balance of the volume, in which is given specimen forms of contracts used in the promotion of corporate enterprises, together with instalment certificates, specimen by-laws, specimen stocks and bonds and a synopsis of the corporation laws of the states which, in the past, have chartered the majority of corporations.

Grant, Percy S. *Socialism and Christianity.* Pp. vii, 203. Price, \$1.25. New York: Brentano's, 1910.

This volume is composed of a number of articles which have appeared in various magazines, including discussions of Christianity and Socialism, the "Wants of Workingmen," "Physical Deterioration Among the Poor," "Divorce and the Family," "Help for the Negro," "Responsibility for New York's Vice and Crime," "Children's Street Games," and "Workingmen and the Church."

Socialism needs the patience and charity of Christianity, while Christianity needs a proper recognition of the relationship of men. Proper education is the solution of the Negro problem, and physical education will benefit the poor. Better men and women would solve the divorce problem, since the facts which lead to divorce impeach our present achievements in character. All classes are in part responsible for New York's moral condition. Much of the present violence between classes is the result of ignorance and misunderstanding; workingmen are hoping for an industrial brotherhood; the Christian church is naturally adapted to bring about a better feeling between classes. These conclusions of the author prove the value of this work to all interested in religious and social movements.

Guerber, H. A. *The Story of Modern France.* Pp. 350. Price, 65 cents. New York: American Book Company, 1910.

This volume in the series of Eclectic School Readers is entertainingly written and is well adapted to its purpose. The themes selected by the author are of war and of great men and women. The book seeks rather to present the drama of the history of France than to describe with accuracy and completeness the past economic, social and political conditions of the country.

Guitteau, Wm. B. *Government and Politics in the United States.* Pp. lv, 473. Price, \$1.00. Boston: Houghton Mifflin Company, 1911.

This is one of the most carefully prepared text-books on civics for secondary schools that has appeared. It takes courage to begin a book of this sort with a discussion of local government. The federal government is so much more spectacular, so much more definite, and alack so much more a matter of public interest that the average author like the average man overlooks the government that lies nearest him, to describe at length an organization the touch of which one feels comparatively seldom.

Mr. Guitteau begins with the local government, tracing its origin, and functions, then municipal government and its problems are discussed, then the state and finally the nation. In each case there is a brief sketch of the historical background of the institution described as well as its present

day extent and work. One feels at times that so all inclusive does the book aim to be, that there is not enough definite detail, but this defect is one that must be common to every work which aims to cover the whole field of civics in a short one-year or one-term course in high school.

Every chapter is followed by a select bibliography which deserves the name. Only books which are or ought to be in every efficient high school library are cited and the references are to exact chapters and pages. For the high school student this is the only practicable way of inducing and directing collateral reading. As anyone who has been through the experience knows, a general assignment to a high school pupil results in the average case in a waste of time and discouragement.

Each chapter, too, has a list of carefully thought out questions for which the pupil must use the facts of the text, the references and his general knowledge. The attempt is made to draw the student out into independent, vigorous thought rather than to give another incentive to absorb the text.

Another commendable feature is the use of diagrams and well chosen photographs. Facsimiles of various documents, such as injunctions, ballots, bills, pictures of congressional apportionments showing gerrymanders, and presidential proclamations help to give the text life.

Hackett, F. W. *Reminiscences of the Geneva Tribunal of Arbitration 1872.*

Pp. xvi, 450. Price, \$2.00. Boston: Houghton Mifflin Company, 1911. Although not at all inaccurate, perhaps the title of this book does mislead. One expects to find it principally devoted to anecdotes and records of many experiences which took place during the meeting of the tribunal. Instead we have, in chronological treatment, a delightful and vivid account of the whole question of the Alabama claims and their submission to arbitration. Mr. Hackett has also preserved for history many interesting incidents of the greatest arbitration the world has seen. Besides his invaluable personal experience as secretary to Caleb Cushing, senior counsel for the United States, the author has enjoyed the friendship of many of the principals concerned in all the negotiations relative to the settlement of the controversy. His residence at Washington and the high official position which he has held have secured for him access to the relevant documents in the archives of the State Department.

In no part of the book is the reader wearied by long technical arguments or array of data. The more important parts of the negotiations and procedure of the arbitration are given the proper relief and treated concisely, yet fundamentally. One of the most interesting questions relates to the difference between the two countries, regarding the submission to the arbitrators of the claims for "national" or indirect damages. The firm and dignified way in which the Americans defended their contention, that those claims were by the terms of the treaty submitted to the tribunal, does credit to Secretary Fish and the men he selected. If the extraordinary action of Sir Alexander Cockburn of the British arbitration was calculated to shock and offend, the broad-minded and courteous action of the British

agent, Lord Tenterden, smoothed over many a rough place. During the forty years that have intervened, the thought of this peaceable settlement of this most serious international difference has smoothed over several rough places in the diplomatic intercourse between Great Britain and the United States, until at the present time the possibility even of a serious difference ever again arising between them is doubted by some of our most competent authorities.

Hecker, Eugene A. *A Short History of Women's Rights.* Pp. viii, 292.

Price, \$1.50. New York: G. P. Putnam's Sons, 1910.

This is a most interesting and careful review of the Woman Question. The author employs the historical method, beginning with a discussion of women's rights in the days of Augustus, followed by an investigation into the conditions among the barbarian invaders of Rome in the middle ages and of modern conditions in England and America. His summary, by states, of the various legal and political rights and disabilities of women in the United States, is well done. The work is scientific, detailed references being given to all the original sources. The data are presented in such a form as to be readily available for general use.

Horne, H. H. *Idealism in Education.* Pp. xxi, 183. Price, \$1.25. New York: Macmillan Company, 1910.

This book presents, for the first time, a definite attempt to combine educational idealism and Eugenics. The three elements in man-making, says the author, are Heredity, Environment and Will. Heredity is usually over-emphasized, since men believe that when the fathers eat sour grapes, the children's teeth are inevitably set on edge. Nevertheless, biologic discoveries tend to show that heredity is a comparatively small factor in proportion to Environment, which includes the home, the school, and all like influences which shape character. The Will, too often relegated by modern philosophers to an inferior place in man-making, or else completely subordinated to environmental or hereditary influences, is, nevertheless, worthy of considerable attention. Representing, as it does, Moral Purpose, the will stands out distinctively as the most significant if not the most fundamental human attribute.

Too long has it been assumed that education must be entirely "practical." Ideals are needed in education as elsewhere, and though they are illusive and most difficult to circumscribe and denote, the author has made a significant and effectual effort to express the newer idealism which is dominating the thought of advanced educators. The book is not entirely comprehensive. It is rather original and suggestive.

James, Edmund J. *The Origin of the Land Grant Act of 1862.* Pp. 139.

Urbana: University of Illinois, 1910.

Janney, O. E. *The White Slave Traffic in America.* Pp. 201. New York:

National Vigilance Committee, 1911.

The facts of the "White Slave Traffic" have become so well known to the

reading public that the author of this little volume attempts no more than to present them in a summarized, readable form. Many of the chapters include copious extracts from investigations, as for example chapter five on "The New York White Slave Grand Jury," which consists almost wholly of quotations.

Dr. Janney fully establishes the presence of the white slave traffic, and writes very suggestively of its causes, holding that the bad training of children, the new city environment, low wages, low standard amusements, employment agencies and immigration are primarily responsible for its existence. Dealing with the positive side of the problem, he suggests for the suppression of the traffic an international treaty, increased activity on the part of the National Vigilance Committee, a regulation of immigration, the elimination of politics from its connection with vice, the payment of living wages, and the provision of healthy recreation. The viewpoint is sane; the presentation virile.

Johnson, Rossiter. *A History of the War of Secession, 1861-1865.* Fifth Edition, Revised and Enlarged. Pp. xiv, 576. Price, \$2.00. New York: Wessels and Bissell Company, 1910.

The fiftieth anniversary of the beginning of the Civil War is an appropriate time for issuing another edition, the fifth, of this popular one-volume history of the war, first published nearly a quarter a century ago.

This work has made its appeal to the general public by reason of its concise, readable, and in general accurate account of the great struggle. The author has devoted the larger part of his space to the military rather than the civil history of this period, as is apparent from the fact that all but nine of the thirty-four chapters relate to military and naval operations. It is nevertheless true that he has paid more attention than is customary in strictly military histories to such topics as the causes of the war, the diplomatic relations, the progress of emancipation, the presidential campaigns, financial problems, the treatment of prisoners of war and the work of the Sanitary and Christian Commissions. The presentation of the campaigns and the description of battles, in language stripped of technical terms and intelligible to the layman, account for its popularity. This as well as the excellent literary style and the spirited and well balanced narrative are its chief claims for consideration.

The author has manifestly striven to be fair to both sides and to the prominent actors both civil and military, but the work is not free from bias. It is avowedly written from the Northern view point. The chapter on the cause of the war, sets forth in considerable detail the various phases of the slavery controversy but does not sufficiently emphasize the constitutional questions at issue and the devotion of the South to the doctrine of state sovereignty, and its relation to the slavery question.

The work is open to criticism chiefly on the score of omissions. In this revision no use has been made of the recent contributions to the social and economic history of the North, and scant attention is given either to the political or social condition of the South during the war.

Larned, J. N. *A Study of Greatness in Men.* Pp. 303. Price, \$1.25.
Boston: Houghton Mifflin Company, 1911.

The work of Galton, Pearson, Odin and their collaborators has called attention to the biologic factors involved in the problem of genius and to the possibilities of increasing the proportion of genius in the community. A distinctly different attitude is taken by the author, who emphasizes the qualities which constitute greatness rather than the factors which are involved in its creation. In a splendidly analytical introduction he discusses the three elements which make up greatness, (1) energy; (2) intellect; (3) moral purpose. Energy, men have in common with all animals. Intellect, while not a distinctively human quality, is largely confined to the human race, but moral purpose is so far as we know, an exclusively human attribute. If this analysis of the elements in genius is correct, the author is justified in holding that the test of human greatness is primarily moral purpose since moral purpose constitutes the one peculiarly human quality.

Following this introduction, Napoleon, Cromwell, Washington and Lincoln are discussed in turn and the elements which made for their prominence are indicated clearly and accurately. It is to be regretted that the author has not presented, in an effective summary, some conclusions which might justifiably have been added to the material contained in the introductory chapter.

Lieber, Francis. *Manual of Political Ethics.* Two vols. Pp. 931. Price, \$5.50. Philadelphia: J. B. Lippincott Company, 1911.

Francis Lieber is one of the great debts which America owes to Germany. Trained in German habits of thought he came to the United States and by the vigor of his works, *Manual of Political Ethics*, appearing in 1838-9 and *Civil Liberty and Self Government*, published in 1853, introduced a new point of view and method into American Political writing. Before his time American discussions were almost without exception propagandist and hence made no attempt at systematic study of the whole field of political science. He introduced German thoroughness of method, at least a partial adaptation of the point of view of the historical school and most important of all a philosophy entirely divorced from the ideas of social contract and natural right which up to that time had gone almost unquestioned among American political writers.

The "Manual of Political Ethics," is now reissued in a new printing of the second edition revised and edited by Theodore D. Woolsey. The two volumes are large octavo bound in green cloth, and on excellent paper. They will be a welcome addition to the library of every man in political science, and especially to those interested in political theory. Much of recent American political writing is tinged with the theories of Lieber and the next generation like the last, will doubtless continue to draw inspiration and guidance from his clear analysis.

MacCunn, John. *Six Radical Thinkers.* Pp. 268. Price, \$1.00. New York: Longmans, Green & Co., 1910.

In this volume the author has presented the ideas of several radical

thinkers, together with some criticism of their views, contrasting their philosophy with the beliefs which they opposed. Jeremy Bentham, the critic of things established who dared to hold the current doctrine of "natural rights" in contempt, and who dared to declare his philosophy of the "greatest happiness to the greatest number" which in law and politics made the final court of appeal the public good, is the subject of the author's first essay. The second essay is devoted to "The Utilitarian Optimism of J. S. Mill," an optimism supported neither by the belief in the benevolence of nature nor by the belief in the omnipotence of God, but fostered by his faith in the individual and in democracy. The remaining essays are devoted to Richard Cobden, the apostle of free trade and peace, who was victorious in his efforts to secure the abolition of the Corn Laws; to Thomas Carlyle, who opposed democracy and distrusted popular intelligence; to Mazzini who sought to make democracy religious; and finally, to "The Political Idealism of Thomas Hill Green."

One feels grateful to the writer for bringing together these ideas and criticisms but his service would have been still greater had he written an introduction in which he might have stated his purpose and thus given unity to the book.

Mackinder, H. J. *The Nations of the Modern World*. Pp. xvi, 319. Price, 2s. London: George Philip & Sons, 1911.

This little volume, the fourth in the author's series of elementary studies in geography, is a happy combination of geography and history. The narrative form is such that the book conveys a distinct impression of the significance of the leading modern countries. Statistics are noticeably absent, but interpretations of world-wide relations are abundant. Many excellent small maps and diagrams add greatly to the general usefulness of the book. Thus, by text and diagrams a clear comprehensive explanation of the situation in the Far East is presented in the space of only ten pages. Not a few entire volumes have failed to present this, and similar matter, in as satisfactory form. The book may be most heartily recommended as a reader for grade students of both geography and modern history.

Marriott, J. A. R. *English Political Institutions*. Pp. viii, 347. Oxford: Clarendon Press, 1910.

Few manuals compress within so small a space so much concrete information as is found in this interesting discussion of the frame of the government of England. The point of view is partly political, partly historical, an arrangement which in less skilful hands would make the book too sketchy, to be of value. There is no attempt to cover party organization in England, but the treatment of the crown, parliament and the judiciary is commendable. Local government is less satisfactorily treated in two short chapters. The latter portion of the book treats the relation of the colonies to the home country. One cannot help but feel that the space devoted to imperial relations might well have been given to a discussion of the institu-

tions of party control, which are surely quite as much a part of English politics as imperial affairs. The brief and concise character of the work makes it well adapted to use as a college text.

Marx, Karl. *A Contribution to the Critique of Political Economy.* Pp. 314. Price, \$1.00. Chicago: Charles Kerr & Company, 1911.

The publication of this volume, a reprint from the plates of an earlier American edition, will be welcomed by all students of Marxian Socialism. It was in this early piece of work, first published in 1859, that Marx briefly outlined those more important economic concepts, later elaborated in "*Das Kapital*," which to-day form the foundational theories of the socialist philosophy. It is doubtful if there exists a better statement of the theory of economic determinism than that which is found in the preface of this volume.

Masterman, C. F. G. *The Condition of England.* Pp. ix, 340. Price, 6s. London: Methuen & Company, Ltd., 1910.

The present conditions surrounding life in England form an absorbing topic in the hands of our author. After a discussion of the spirit of the people in which the low ideals of the nation are pointed out, the writer discusses at length the component elements of modern industry, the Conquerors; the Suburbans or middle class Englishmen; the Multitude, the great mass of wage and salary earners, and last of all the Prisoners, those who are subject to grinding poverty and denied legitimate opportunity. Contrasted with this picture of city life is that of the country where there is no social life at all, where city migration has left only the weak and feeble, and where men stand and wait like Mr. Micawber for something to turn up, and that failing, pass on wearily into another world. In conclusion, the author points out that in spite of the wonderful discoveries of science, society has far from realized its true possibilities. In spite of this fact there is on many sides an almost ludicrous "Illusion of Security" with which many a twentieth century Englishman satisfies the warnings of his better self.

McCarty, Dwight G. *The Territorial Governors of the Old Northwest.*

Pp. 210. Price, \$2.00. Iowa City: State Historical Society of Iowa, 1910. A more interesting group of men than the early territorial governors it would be hard to find. Impetuous, strong minded, courageous, they were as a rule—indeed success awaited no others, as is shown by the examples of Todd, in Illinois, and Hull, in Michigan. Indians, English and Spaniards, at first made their duties arduous and when these became less troublesome the bitter disputes of frontier communities furnished problems no less difficult to solve. Mr. McCarty's book is more than a series of biographies. It traces the development or perhaps more exactly, the decline of the powers of the territorial governors and the growth of the power of the elected assembly, in a way which makes the volume one in comparative government. The materials drawn upon in the preparation of the

monograph are well and accurately used but placing the citations at the end of the book, though it leaves the pages in more uniform style, deprives the reader of the advantage of having the references close at hand.

McPherson, Logan G. *Transportation in Europe*. Pp. iv, 285. Price, \$1.50.

New York: Henry Holt & Company, 1910.

This book is the result of the author's association with the National Waterways' Commission during its travels throughout Europe, and of considerable statistical research. One portion of the volume contains an interesting account of the historical development of the railways in Europe and Great Britain. Another explains the rate systems and tariffs of the various European railways. Still another discusses various railway methods of Europe and draws comparisons with American practices. An outline of the administrative machinery of the leading government railways of Europe, the effect of public operation on rates and its financial results are also given.

Several chapters deal chiefly with European waterways. The conclusions drawn by the author are generally opposed to the waterways, and will doubtless not receive the approval given to the author's views concerning historical and technical railway affairs. Certainly others with much the same evidence before them have arrived at different conclusions.

Montgomery, Harry E. *Christ's Social Remedies*. Pp. iii, 433. Price, \$1.25.

New York: G. P. Putnam's Sons, 1911.

When the author of this volume asks the question, "Was Christ a Socialist?" he foredooms himself to failure, since the concept of Christ's teachings, and of the meaning of socialism must vary with the individual and the era. Nevertheless, after propounding this impossible question, the author proceeds to analyze Marriage, Divorce, Crime, Wealth, Labor and Sabbath Observance in terms of the Gospels. In all cases he finds that the precept is in advance of the performance; that men have failed to fulfil the law as laid down in the New Testament, and that there is on every hand opportunity for a widespread revolution in our attitude toward social problems. As a remedy for these conditions the author proposes a re-establishment of the true Christian spirit. While neither fundamental nor conclusive, the book represents an interesting attempt to focus attention on modern social conditions.

Moore, John. *Meteorology, Practical and Applied*. Second Edition. Pp.

xxvii, 492. New York: Rebman & Company, 1910.

This volume is really a thorough revision of a long popular English text. It has been brought up to date, to cover the great progress of meteorological science in recent years. A chapter on the "Meteorological Service," of Canada, has been provided for by reducing the space devoted to the United States Weather Bureau.

The plan of the book remains the same. Part I deals with the general aspects of the subject, physical properties and composition of the atmosphere. Part II covers in detail the many aspects of Practical Meteorology,

especially the use of instruments. Part III discusses climate and weather and Part IV treats briefly of some influence of season and weather on disease.

The second part is the most important section. It differs sharply from most of the texts by American authors in the amount of space devoted to descriptions of instruments and their use. Most of the instruments described are also pictured. These features give the book a peculiar value for the student or teacher of the subject. Almost of equal value is the comprehensive view of the work of the Weather Bureau and its importance. Numerous handy tables, copious illustrations and an elaborate index add further to the usefulness of the book as a text.

Morris, William A. *The Frankpledge System.* Pp. xiii, 194. Price, \$1.75. New York: Longmans, Green & Company, 1910.

Mundy, F. W. *The Earning Power of Railroads.* Pp. 492. Price, \$2.50. New York: Moody's Magazine, 1911.

F. W. Mundy's, "The Earning Power of Railroads," an excellent annual digest of railroad statistics, has appeared for 1911 in a new and better binding, and has again increased in size, due to the introduction of figures for railroads not hitherto treated and improved "notes." The volume furnishes in an admirable manner for ready reference purposes, statistics and facts relating to the earning power and securities of practically all the railroads in the United States, Canada, and Mexico. There are contained as usual, introductory chapters on the fundamental principles governing the determination of earning power. The clearness and the compactness of this volume, its detail and explanatory notes, the fact that it is prepared from the annual railroad reports by a member of a New York Stock Exchange firm familiar with the requirements for a work of this kind, make it a work of practical use and value.

Neumeister, W. *Die Natürlichen Grundlagen für die Eisenindustrie in Deutschland und in den Vereinigten Staaten.* Pp. 87. Price, 2m. Leipzig: Duncker & Humblot, 1910.

Osborn, H. F. *The Age of Mammals in Europe, Asia and North America.* Pp. xvii, 635. Price, \$4.50. New York: Macmillan Company, 1910.

Palsits, V. H. (Ed.). *Minutes of the Executive Council of the Province of New York, 1668-1673.* Vols. I and II. Pp. xii, 1192. Albany: State of New York, 1910.

The state historian of New York has admirably reproduced the "Minutes of the Executive Council of the Province of New York from 1668 to 1673," the years of the administration of Francis Lovelace. Volume I, pages 19 to 188, carefully, and apparently with complete accuracy, reproduces the minutes, while the remainder of volume I and all of volumes II and III are devoted to reprinting "Collateral and Illustrative Documents."

Thus far the first two volumes have been issued. The editor has written an introduction explaining the editorial methods adhered to and describing the difficulties encountered in locating some of the documents reproduced. The work cannot fail to be of real assistance to students of the early American colonial period.

Prince, Leon C. *The Sense and Nonsense of Christian Science.* Pp. vii, 143. Price, \$1.00. Boston: Gorham Press, 1911.

The object of this work is to cover the field of mental therapeutics from the standpoints of philosophy, religion and experience; to indicate many of the fallacies connected with this method of healing; and to enlarge the value of "a remedial force of proven efficiency." In discussing the Four Schools of Mental Healing, it is stated that Christian Science claims to destroy the belief in disease by the belief in health, for both are products of thought; that the New Thought is a "nebulous compound of agnosticism, pantheism, esoteric Buddhism and Christianity"; that Medical Psychotherapy is a "mind cure as administered by regularly qualified physicians"; and that the Emmanuel Movement is "psychotherapy in the hands of priests."

The author shows how the theory of knowledge according to idealism supports the idea of Christian Science "All is Infinite Mind," and that its error consists not in trying to destroy disease, but in calling it illusion. The worth and evil of these movements are presented, giving the reader a clearer view of their true value.

Rhett, R. G. *A Southern Banker's View of the Currency Question.* Pp. 34. Charleston, S. C.: Walker, Evans and Cogswell, 1910.

Richards, Ralph C. *Conservation of Men.* Pp. 90. Price, 50c. Chicago: By the author, 1910.

Robbins, E. Clyde. (compiled by). *Selected Articles on a Central Bank of the United States.* Pp. viii, 182. Price, \$1.00. Minneapolis: H. W. Wilson Company, 1910.

Roman, W. *Die Deutschen gewerblichen und kaufmännischen Fortbildungs- und Fachschulen und die industriellen und kommerziellen Schulen in den Vereinigten Staaten von Nordamerika.* Pp. 214. Price, 5m. Leipzig: Duncker & Humblot, 1910.

Schreiner, Olive. *Woman and Labor.* Pp. 299. Price, \$1.25. New York: Frederick A. Stokes Company, 1911.

Woman's field, declares the author, is the whole field of modern activity. While she is pre-eminently fitted to fill a domestic position, performing the functions of wife and mother, and caring for the home, she is, in addition, fitted by physical and mental capacity to do some of the work of the world.

Throughout human history, women have been rendered parasitic by the dominance of masculine strength, but the Industrial Revolution, and the widespread education of the Nineteenth Century have freed them from this position. To-day woman must decide for herself what relation her life shall bear to the life of her fellow human beings. The book is popular rather than scientific, yet written in such a style as to recommend it to any student of the problem of woman's life and work. The author has made a unique contribution to the literature on woman's emancipation.

Singewald, Karl. *The Doctrine of Non-Liability of the State in the United States.* Pp. xx, 177. Baltimore: Johns Hopkins Press, 1910.

Though the title might include a discussion of the extent to which suits against the state are allowed and of the principles of law governing such permission to sue, Mr. Singewald does not touch this field. Nor does he treat the theory of state responsibility. The discussion is confined to the relation of the doctrine of non-suability to suits against public officers.

The thesis is that the courts have not adopted reasoning either logical or consistent in deciding these controversies. They have vacillated between holding that suits against officers may be suits against states and hence out of court jurisdiction—barring diversity of citizenship—and that though states may be nominally parties to the suits the courts may look back of the face of the record to the real parties of the suit—the New Hampshire versus the Louisiana doctrine. The conclusion is that a firmer ground would be to hold that the state, in a suit against its officers is not to be considered an indispensable party, nor should the distinction be made on the basis of nominal or real party but that an officer should be suable or not according to whether there is a separate ground of action against him.

Serring, Prof., and Others. *Mosselland und Westdeutsche Eisenindustrie.* Pp. xiii, 357. Price, 7m. Leipzig: Duncker & Humblot, 1910.

Smith, David W. *The Law Relating to the Rule of the Road at Sea.* Pp. xiv, 333. Glasgow: James Brown and Son, 1910.

The former latitude allowed to masters in deciding what was "the course of good seamanship" in deciding the routes of their vessels has disappeared with the growth of world commerce. Exact rules have become a necessity and agreements between the nations have made this the branch of international law in which the rules are most exact.

Though Mr. Smith's manual deals primarily with English cases it is therefore a guide to the practice of other nations who have adopted the rules of the Washington Marine Conference of 1888-9, and the supplements since added. The discussion is arranged in the form of comments on the legal interpretation given to the English regulations which carry out the rules of the Washington Conference. The citations are exhaustive and there are quotations from cases which adequately bring out the courts' interpretation of the rules. A number of careful diagrams help to make the meaning clear.

Spargo, John. *The Common Sense of Socialism.* Pp. 184. Price, \$1.00. Chicago: Charles Kerr & Company, 1911.

This popular exposition of Socialism is now in its seventh edition. The author has followed the general scheme of Robert Blatchford's well-known little volume "Merrie England" and has addressed a series of letters to a fictitious Jonathan Edwards, of Pittsburg, in which he has explained in the simplest language the more important arguments advanced by the socialists. It is doubtful if a more acceptable volume for propaganda purposes has ever been published in the United States. Anything that Mr. Spargo writes concerning Socialism is not only well worth reading but better still it can always be accepted as authoritative.

Strachan, W. *A Digest of the Law of Trust Accounts.* Pp. 18. Bristol, England: By the author, 1911.

Taylor, Griffith. *Australia: Physiographic and Economic.* Pp. 256. Oxford: Clarendon Press, 1911.

Various government publications furnish sources of abundant statistical data concerning Australia, and several general treatises on the geography of the country are available, but this volume is the first satisfactory presentation of the intimate dependence of Australian industries on physical conditions. About half the book is devoted to physiography and climate and the natural regions of the country. The rest is devoted to the industries characteristic of the Australian environment. The author is especially to be praised for his treatment of the question of rainfall and water supply in its relation to these industries. The brief chapter summarizing the relation of environment and occupation in New South Wales also deserves special mention.

The most interest, however, is likely to be aroused by the concluding forecast of the future for Australia. On very fair bases of calculation the author estimates that 44 per cent of the country is so arid as to be practically useless: 17 per cent is suitable for tropical agriculture and 39 per cent for profitable white settlement, of which, however, nearly three-fourths is pastoral country. The future, therefore, appears to involve large dependence on pastoral industries and some policy by which these tropical sections, unsuited to white labor, may be developed. A much larger population seems certain.

Many good charts and diagrams show the distribution of both physical and economic features. It is a welcome contribution to economic geography.

Widtsoe, J. A. *Dry Farming.* Pp. xxii, 445. Price, \$1.50. New York: Macmillan Company, 1911.

In connection with modern agriculture frequent mention of "dry farming" is encountered, but there is much indefiniteness about its real nature and possibilities. Hence this latest volume in the Rural Science Series is especially timely, and like the others in that series, it carries the weight of authority from the author's practical experiences.

The book covers the whole subject of carrying on agriculture, without irrigation, in regions of low rainfall. The climatic features requiring the adoption of this system of farming, the selection and management of soils, the choice of crops, the history of dry farming and its possibilities are all discussed extensively.

Some of the significant points made are that over three-fifths of the area of the country has a rainfall so low that dry farming methods are necessary, but that nearly one-fifth of the area is so arid that its reclamation by dry farming is not now feasible. At a conservative estimate, however, five hundred million acres (non-irrigable) having over ten inches of rain, are available for any farm crops, like wheat, rye, barley, alfalfa, and many others. Dry farming is clearly an immense question for the country, and the magnitude of the possibilities here revealed, make the book highly interesting.

Wood, Walter. *A Corner of Spain.* Pp. xii, 203. Price, \$2.50. New York: James Pott & Company, 1910.

To Englishmen, Galicia is historic ground. The Campaigns of the Napoleonic era have made portions of the country memorable in English military annals. Further its accessibility to the English tourist insures it a larger place in the mind of the average traveler than is accorded many of the more southern provinces. Mr. Wood writes interestingly of his travels in the by-ways of the province and though he seldom gets closer to the people than is the lot of the tourist his descriptions are minute, but never tiresome, and never burdened with the account of the inconveniences which a foreigner always experiences and often recounts. The illustrations are from photographs, sketches and paintings by Frank H. Mason. They are unusually Spanish. Anyone who wants a pleasant afternoon in northwest Spain will welcome this book.

REVIEWS

Addams, Jane. *Twenty Years at Hull House.* Pp. xvii, 462. Price, \$2.50. New York: Macmillan Company, 1910.

There could be no more stimulating book than Miss Addams' "Twenty Years at Hull House" for those who try in their thought and activity to translate ideals of democracy and righteousness into the routine of life. It is natural, perhaps, that such a book should have come from Miss Addams, for she has been conspicuously successful in making this translation. The book is not a treatise or a manual of settlement work, but a series of incidents in the story of a settlement and the personality which permeates it, and the spirit of its pages breathes the essential relation between life's religion, philosophy and routine. The widespread influence which Miss Addams and Hull House exert on the thought and social effort of the day is sure to be strengthened with those who through this book receive a glimpse of the social and spiritual development of both.

Social work in recent years has devoted itself conspicuously to the acquisition of facts regarding the human cost of social and economic processes. Inevitably, perhaps, investigation has had to precede interpretation, although the latter has not been lacking. Miss Addams' book, however, both in its story and in its atmosphere, never lets the reader lose sight of the human side of life, although it shows also the inevitable dependence of humanity upon economic environment. One feels, in reading, the power of the author's personality and the conviction grows that the spirit of democracy has found in Hull House and its leader one of its most significant expressions since Abraham Lincoln, for whose democracy Miss Addams expresses reverence.

The chapters on "Immigrants and Their Children," and on "Civic Cooperation" are perhaps typical of the book—the one revealing social problems as problems of individual lives and their possibilities; the other showing the practical inter-relation of all efforts for social betterment. The chapter on "Echoes from the Russian Revolution" cannot fail to be illuminating to Americans, especially to those who feel a sense of humiliation in the failure of our democracy at a most crucial point which was revealed during the anarchist excitement in Chicago, following the assassination of President McKinley—a failure which is most tellingly stated by Miss Addams. As Miss Addams believes, to the anarchist the treatment which he received was despotic in the extreme and at the opposite pole from the democracy of which we boast.

Those believers and workers in social betterment, who have been uneasy under a charge of irreligion in social work, will derive much satisfaction from this book. Miss Addams' statement of the steps which led her to ally herself with the church is impressive in its simplicity and sincerity. Even more impressive, however, is the spiritual atmosphere which pervades the whole volume. No reader whose religion is real could fail to feel that the influence of Hull House and its leader is a telling example of religion at work in the lives of men.

"Twenty Years at Hull House" has a many-sided value. It is difficult to conceive of any group of people, no matter what their interests, for whom it has no message. Its suggestive value is greatly enhanced by the illustrations.

PORTER, R. LEE.

Philadelphia.

Brown, John F. *The Training of Teachers for Secondary Schools in Germany and the United States.* Pp. x, 335. Price, \$1.25. New York: Macmillan Company, 1911.

By far the greater part of this volume is devoted to outlining the German system of training teachers of secondary schools with the avowed purpose of throwing light upon the problem of training American high school teachers. No part of the book is more interesting than the first chapter,

which describes the German Elementary and Higher Schools. In his treatment of the training of teachers, the author emphasizes the importance of uniting theory and practice; and he states that this is accomplished in Germany, largely, through the work of the "Seminarjahr." In Chapter XI a plan is outlined for providing a similar training for American teachers which calls for the co-operation of the high schools and the universities. This plan has good points and is certainly worthy of a trial.

With the exception of the above idea, which is constructive on the formal side, at least, the work is devoted largely to descriptions of existing educational machinery. The contribution of the author is the suggestion of a modification in the machinery and an outline of a plan for making the change. The weakness of the volume, from the standpoint of the reviewer, is the fact that educational machinery is treated as an end in itself, or, if means, means in relation to university instructors and high school teachers, means of affording them employment rather than means in the hands of teachers for the rendering of a larger social service. Consciousness is focussed upon teaching as a vocation which affords a man a sense of security, rather than upon teaching as means of developing young people, and contributing to their growth and efficiency in dealing with the problems of life. In short, the book is formal and academic in character, and it would seem to perpetuate the idea that the teaching profession dwells apart from the world behind "cloistered walls."

KATHARINE E. DOPP.

University of Chicago.

Bryce, James. *The American Commonwealth.* 2 vols. Pp. xxii, 1704.

Price, \$4.00. New York: Macmillan Company, 1910.

The appearance of a new edition of Bryce's "American Commonwealth" is an event of real importance to students of politics, especially when as thorough a revision has been undertaken as in this edition of 1910. The work now occupies an unique position in the literature dealing with the political institutions of the United States. In the secondary schools as well as in the universities, it has furnished the basis for elementary courses in civics as well as for the advanced courses in political science. No one author has ever exerted quite the same influence on the teaching of politics. The calm, dispassionate manner with which every important public question is discussed, the clear, concise analysis of the form and operation of our institutions give to this work an epoch-making place in the literature of political institutions. Mr. Bryce was one of the first to show us the wide gap existing between the form of our institutions and their operation. From the publication of the first edition of his work dates the tendency to study our institutions in their actual operation rather than as a mere framework of government.

In this new edition the same judicial and yet sympathetic tone prevails as in its predecessors. Mr. Bryce is keenly alive to the shortcomings of our

institutions, but with this recognition there is combined a strong faith in the ultimate success of the great experiment in democracy that is being carried on in the United States.

Throughout the work the data have been brought up-to-date. In addition, four new chapters have been added. In the first of these the author deals with the situation created by the great influx of immigration during recent years. He takes an extremely hopeful view of the situation, and is inclined to agree with those who think that the rapid assimilation of the foreign population will ultimately solve all the more serious problems which the influx of immigrants presents.

Another new chapter is entitled "Reflections on the Negro Problem." Here again the author discards or brushes aside the pessimistic forebodings of some recent writers, and dwells on the progress that has been made by the negro within recent years. In dealing with this as with many other national questions, Mr. Bryce looks forward rather than backward, concentrating attention on the favorable outcome, if the present rate of advance is maintained.

The question of direct legislation by the people, through the referendum, the recall and the initiative is the subject of another chapter, in which the author discusses the new views with reference to direct popular control that have recently been incorporated into state constitutions through constitutional amendments. The chapter limits itself, however, to a statement of facts without expressing any judgment on the significance or the outcome of the movement.

Mr. Bryce has also supplemented the chapter on universities, contained in the edition of 1903, in a new chapter which contains some further observations on the growth of the higher institutions of learning of the United States. The high esteem in which the author holds American institutions has not been in any way diminished by his observations of the last twenty years. He has been profoundly impressed with the increasing influence of the universities of the United States on the life of the nation. The description of university development during the last twenty years indicates how closely the author has kept in touch not merely with the facts of university development but with the spirit of university growth in the United States.

L. S. ROWE.

University of Pennsylvania.

Carlyle, R. W., and Carlyle, A. J. *A History of Mediaeval Political Theory in the West.* 2 vols. Price, \$3.50 each. New York: G. P. Putnam's Sons, 1909.

The work done on these two volumes extends over a decade. They are of unusually uniform grade throughout and form the best general summary in English of the disordered, formalistic and still formative period of political thought extending from the second century to the thirteenth. The work therefore hardly fits its title. It begins before the middle ages and the dis-

cussion does not go through them. The first volume in fact assumes the character of a review of the materials from which mediaeval political theory was built and the second because of the wealth of material, has covered only a part of the period up to the early seventeenth century, with which it was the first intention to deal. It is much to be hoped that a third volume may be published to deal with this later period when political thought was so largely in flux, but in which also most of the bases of our modern theories were present.

After a brief discussion of the political theories of Cicero and Seneca volume I is chiefly devoted to an analysis of the chief political concepts of the Roman lawyers and to the at times, halting and uncertain developments in the Christian church. The development of the theory of the law of nature in both Roman and Christian philosophy is emphasized though one feels that the influence of the praetor peregrinus has been slighted. The distinctions made by the great jurisconsults between *jus naturale* *jus gentium*, *jus*, *jurisprudentia* and other legal concepts is treated in detail. The best worked out feature of the volume is the discussion of the process by which the Christian political philosophy became illiberal in its attitude toward slavery. The last chapters discuss the problems of kingly authority and church and state which were beginning to concentrate attention in the Carolingian period.

Volume II follows the same juristic concepts through to the thirteenth century giving especial emphasis to those elements of political theory which can be traced back to the Roman law. The attempt to base slavery, property, state authority, in fact all law on *jus naturale* is well depicted. Then a study is made of the influence of the canon law on political theory and developments. The discussion follows the same outline as already used in treating the influence of Roman law proper but one feels that limitations of space have at times made the discussion so brief as to sacrifice clearness.

Books of this sort are intended only for the advanced student of political theory and legal institutions. For them the authors have done an important service. Throughout the reliance has been upon sources rather than secondary materials, the result is that the treatment occasionally lacks completeness but this is because the work treats the political theory of the middle ages not political theory about the middle ages.

CHESTER LLOYD JONES.

University of Wisconsin.

Dodd, W. F. *The Revision and Amendment of State Constitutions.* Pp. xvii, 350. Price, \$2.00. Baltimore: Johns Hopkins Press, 1910.

Purely inductive studies such as this though they may not leave with the reader as clear an outline of theory as is possible under less exacting methods, are the basis of our understanding of practice and give a firm body of knowledge from which future experiments in constitution making may be begun. Stimson's analyses of our state and federal constitutions and Dealey's

"Our State Constitutions" have recently shown the value of exposition of this sort. Mr. Dodd's work is a similar study but in a narrower field and even more exhaustively worked out—in fact the work has a character almost encyclopedic and any review therefore fails to show the development of the subject matter.

The material falls into three parts: first, constitutional conventions. The experience of the twelve states adopting new constitutions between 1776-83 is reviewed. Even in this early period it is shown there was a tendency to differentiate between constitutions and statutes, a development which has been accentuated in our subsequent practice. This section closes with a discussion of the legal position of the constitutional convention in which the author leans toward the view that the legislature cannot bind the constitutional convention as to the scope of the revision of the old constitution which it is to undertake.

The second division, including more than half the book is an exhaustive discussion of the methods of amending constitutions by conventions and legislative action. It is brought out that the present tendency is strongly in favor of more flexible fundamental laws. The difficulties of putting the amendment before the people for adoption, how the fact of adoption is determined, the attitude of the courts toward new constitutional amendments, the overruling of courts by this means and questions of similar nature are thoroughly treated. The last chapter is devoted to a discussion of the working of the constitutional referendum, in which the facts bring out the seriousness of the objections that can be made to its use.

Mr. Dodd's book is not one for popular reading. It is essentially a reference work. Students will find it invaluable as a ready means of checking up on our constitutional practice.

CHESTER LLOYD JONES.

University of Wisconsin.

Grainear, Jean. *Les Actions De Travail.* Pp. xvi, 357. Price, 7 fr. Paris: Librairie du Recueil Sirey, 1910.

This book begins with a short appreciatory preface, written by the eminent French economist, Professor, Charles Gide, and deals with the most vexing problem of the participation by labor in the gains of industry. Accordingly a variety of methods of gain-sharing is presented and discussed. The first method of profit-sharing described is based upon the selection by employers of such employees to share in the profits of industry as meet certain requirements as to wages and position. A number of interesting illustrations are taken from both European and American sources, including the Bon Marché of Paris and the United States Steel Corporation. The working plan of the latter is very minutely outlined.

The author discusses the rights and duties of the share-holding laborer, methods of adjustment in the case of the death of laborers contributing toward the purchase of shares, voting powers of the workingman shareholder, the alienability of acquired shares and other pertinent questions. In

connection with some of these problems the profit-sharing plan of the South Metropolitan Gas Company of London receives considerable attention. These systems of co-partnership, the author conceives, will produce some very satisfactory results, in part at least, because of two motives which underlie the development of methods of profit sharing—the desire to lessen the tension of the conflict between capital and labor, and the hope of breaking ground for some form of co-operative production. On the other hand, profit sharing is often nothing more than a concession to the clamor of labor.

Co-operative production—aggressive action by laborers to divide the returns of industry among themselves—is discussed from various points of view. The economic validity of such enterprises is reviewed and their legal aspects also receive attention.

The review and criticism of the methods of profit and gain-sharing form an important part of the book. What benefits really accrue to labor? What are the inherent limitations of share holding? What of the future? These questions do not shatter the optimism of the writer of this book, who is very hopeful of the ultimate solution of the conflict between capital and labor. He welcomes experiments in the direction of the principles outlined and holds that the participation of the workingman in the profits of industry will go far toward allaying suspicions against capital and bringing about industrial peace.

GEORGE B. MANGOLD.

St. Louis, Mo.

Holcombe, A. N. *Public Ownership of Telephones on the Continent of Europe*. Pp. xx, 482. Price, \$2.00. Boston: Houghton, Mifflin Company, 1911.

This work is Volume 6 of the Harvard Economic Studies and is the result of an investigation begun "In the hope that a knowledge of European experience with telephones might aid in the solution of the public problem which the American community must face. . . ." It "has not been written to prove that any one mode of conducting the telephone business is the best for all countries and under all circumstances,"—but "to set forth without prejudice the results of European experience in the conduct of the business." With such modesty is introduced one of the most thorough and painstaking industrial studies that have appeared for many a day. For a work of such unusually high calibre, appreciation is the truer line.

Paradoxically enough, it is not only a very exhaustive, but also a most readable, survey of the very efficient and highly organized governmental telephone monopolies in Germany and Switzerland and of the less-efficiently organized public monopoly in France; together with the public systems of Italy, Austria, Hungary, Holland and Belgium. The public and private systems of Spain, Denmark, and the Scandinavian peninsula are also included. (Great Britain has been treated in a separate monograph by this same writer.)

The greater part of the work is naturally taken up with the service monopoly in Germany, Switzerland and France. The gradual development of

the telephone in these countries and the manner in which the public monopoly has been organized is very closely described. The interrelations of the Federal and Imperial Governments with the state and municipal authorities, and the co-operating public and commercial organizations who keep the standard of service up to meet public needs are fully discussed. The technical progress is noted in considerable detail, even to the fact that the German Government, profiting no doubt by the example of the private patent-monopoly industries, established in 1899 an experimental laboratory for research and invention. And the relations of the various governments with the armies of telephone employees, the differing policies used to keep them under control, and the method of regulating their political activities are all given a due and normal place in the study.

The very suggestive matter to be found in the many comparisons made freely throughout the work with reference to the conditions in the United States is thoroughly constructive in tone. Telephone rates and telephone development in a comparative sense are discussed with free recourse to illustrations in the United States.

The relations of the technical expert to the social and political organizations concerned are interpreted with an unusual accuracy and sympathy, while the final chapter upon "The Economy of Public Ownership" is not only of value as a summation along the lines of the author's experience but possesses decided interest from the nature of the comparisons made between the different nations with reference to their varying capacities for the conduct of public enterprises in an efficient and well organized manner. The work is rounded out by excellent general and bibliographical indices.

GEORGE D. HARTLEY.

Brooklyn, N. Y.

Kauffman, R. W. *The House of Bondage*. Pp. 480. Price, \$1.35. New York: Moffat, Yard & Co., 1911.

"The conditions with which the House of Bondage deals must be generally understood before they will be improved" writes John D. Rockefeller, Jr., after experience as foreman of the White Slave Traffic Grand Jury whose findings take the twelve last pages of this book.

As to the book's interest there cannot be two opinions. If false it would be interesting. Being true to life in its individual incidents, if somewhat misleading in its general impression, its unusual interest is enhanced by the fact that it is almost the only discussion of the social evil so dressed and so endorsed that it is possible to have it on one's desk.

As to the book's influence there can be and are several diverse opinions. So convinced of its educational value is Mr. Rockefeller that he has sent copies to a large number of shapers of public opinion, particularly to educators. I heard a city official of vast responsibility say that it was "one of the most helpful books ever written." While welcoming it as one of many much needed efforts to "make the whole nation think," I have regretted several elements in it and frankly question whether its net result is to make us see

more truthfully either the social evil and traffic in white slaves or their remedies.

It puts into the life of one country girl typical experiences of a great number of girls who go by different routes to lives of shame. The majority of readers will probably gain the impression that the beginning of prostitution is forced detention; that it is so hard as not to be worth while for fallen women really desiring it, to reinstate themselves as honest and respectable wage earners; that less is done than is being done to prevent the fall and to redeem the fallen; that once having entered on "the life" it is but a matter of three or five years when "youth, hope, purity, strength, beauty, the ability to work, even lust and hate . . . will be dead beyond possibility of resurrection;" that the wages of this particular sin is certain death.

Yet the more discriminating reader will be impressed with the fact that "Mary," who for fiction purposes is the composite white slave, is surrounded from beginning to end with men and women who have just as many reasons for being unhappy, yet who for some reason use their contact with vice as a stepping stone to the lucrative business of "Madame," to preferment in department stores or to political advancement.

I know of no other place where the student of sociology, the public school teacher charged with giving right social standards to boys and girls, editors and ministers who have occasion to comment upon the social evil, business men tempted to pay starvation wages, men and women still dazzled by the so-called Bohemian life of great cities, can get so vivid a picture of the daily routine of so-called fallen women. Yet in spite of this service I believe the book leads away from rather than toward the constructive work that must be done in our great cities to reduce the social evil and other evils just as truly social of which it is but one expression. The alliance of the police department with general inefficiency is worse than its alliance with the social evil. To legalize unsanitary and unjust working conditions is worse than to legalize and regulate the social evil. To traffic in untruths about social conditions, philanthropic effort, obligation of the rich to the poor and of the strong to the weak is worse than to traffic in white slaves. To try to cure the social evil by no matter how intelligent and persistent methods concentrated on it is certain to fizzle if we fail to deal intelligently and efficiently with the more comprehensive agencies of civilization of which the white slave traffic represents but one of many breakdowns.

The "House of Bondage," the Rockefeller Grand Jury presentment, Clifford G. Roe's book "Pandagers and Their White Slaves" and the report of the Vice Commission of Chicago all fail in my judgment to state truly and to emphasize the other ninety-five per cent of the police department's work, the other ninety-five per cent of the health department's work and the other ninety-five per cent of the public's obligation to have facts on which to base government action. So long as philanthropists, educators and social workers feel that unpaid volunteer service is better than paid public service; that schools are too good to be in politics; that government business must always be incompetent; that it is justifiable to give more thought to fractions of problems represented by private agencies than to the one hundred per cent

of these problems assumed by government, so long will there be soil for nourishing the white slave traffic. But even if this judgment is correct, it does not subtract from the interest and possible temporary helpfulness of "The House of Bondage."

WILLIAM H. ALLEN.

New York City.

Kennan, K. K. *Income Taxation.* Pp. viii, 347. Price, \$3.50. Milwaukee: Burdick & Allen, 1910.

The author's purpose has been to prepare a book which would deal with the material relating to the income tax in the different countries of the world. The task is a difficult one if carried out by a thoroughly scientific and scholarly method, but the author has followed the method of paraphrasing the law, which forces the reader to be content with references to articles, reports and secondary sources rather than the actual law upon the points under discussion. This leaves in the mind of the reader a sense of uncertainty joined with a feeling that the author did not have, in the majority of cases, the full sources for his study. This feeling is increased rather than lessened by the chapters on definitions at the opening of the book and the summary at the close. In both the reader is impressed with the frankness of the author, but not with his clearness of conviction. These chapters suffer by comparison with the recent volume of Suret on "Theorie de l'Import Progressive."

To close this brief summary without a further statement would be unfair to the author. To the man seeking material which will give him a general outline of what has been done in the field of the income tax, as well as enable him to reach some conclusion, the book has value, but for the student who is looking for the text and citations of the law, as well as the most recent figures (1908 is the latest), the volume will prove something of a disappointment.

FRANK L. McVEY.

University of North Dakota.

Le Rossignol, J. E., and Stewart, W. D. *State Socialism in New Zealand.* Pp. xi, 311. Price, \$1.50. New York: T. Y. Crowell & Co., 1911.

For years both the advocates and the opponents of the extension of governmental activities have looked upon New Zealand as a sort of social betterment experimental station, and it has been the experience of that country which has supplied the data for a considerable portion of our literature dealing with the success or failure of certain social reform measures. Students have been loath to accept the extravagant and partisan statements of the various authors, and have continued to hope that some day a reliable and unprejudiced study of the politico-economic conditions existing in that country might be made by a competent investigator. The closest approximation to that ideal is the lately published "State Socialism in New Zealand" by Prof. J. E. Le Rossignol of the Department of Economics at the University of Denver and Mr. W. D. Stewart, a barrister of Dunedin, New Zealand.

The field covered by the authors includes almost all of the governmental activities of this little British colony. The subjects of land tenure, land monopoly, roads and railways, land and income taxation, state life and fire insurance, old age pensions arbitration, strikes, wages and the standard of living and the public service are in turn discussed.

In dealing with the question of land reform the authors affirm that the government has been justified in its efforts to break up the great estate and to help the small farmers in every way, although it has necessitated the expenditure of a vast amount of money. An interesting consequence of this apparently socialistic legislation is that it is "producing results directly opposed to Socialism by converting a lot of dissatisfied people into staunch upholders of private ownership of land and other forms of private property" who are breaking away from their former allies, the working people of the cities.

The writers found that government workers have frequently been accused of practising the "government stroke," while the railroads great difficulty has been experienced in getting good men when needed and in getting rid of those who are inefficient. The lack of encouragement to inventors and other able men by promotion and advances in salary, the lack of initiative on the part of the managers, the lack of up-to-date appliances in certain lines of work were also noted in connection with the railroad shops. The influence of politics in the management of the railways is described in the following terms: "The people in every part of the country demanded railways, formed associations for the purpose of securing them, elected members to parliament pledged to do their utmost to that end; and the government unable to resist the pressure of public opinion, borrowed as much as it could and built short, unprofitable bits of lines without counting the cost." The practice of granting railway concessions to purchase votes "has done great harm in the past and will greatly retard future development of the Dominion unless the government sternly sets its face against the political control of the railways and toward the establishment of sound financial principles in every part of the administration. Indeed the financial failure of the railways has been one of the chief causes of their slow growth during the past thirty years." Still, the authors conclude that the people may do well rather to bear the ills they have than fly to others which might come with the sale or leasing of the governmental lines to private parties.

The present position of the State Life Insurance Department is condemned as being very unsatisfactory.

Of more than usual interest to the students of the labor situation in New Zealand is the declaration that "It is no easy matter to show that compulsory arbitration has greatly benefited the workers of the dominion. Sweating has been abolished, but it is a question whether it would not have disappeared in the years of prosperity without the help of the arbitration court. Strikes have been prevented, but the country never suffered much from strikes, and it is probable that the workers might have gained as much or more by dealing directly with their employers as by the mediation of the arbitration court. As to wages, it is generally admitted that they have not increased more than the cost of living."

The general conclusion of the authors is thus summarized "As to state insurance, state ownership of coal mines, and other forms of state trading, while their utility is questionable, they cannot be shown to have done much harm; and if in the future they are conducted on sound financial principles they will not drive private enterprises from the field, but will do only a part of the business and operate as a check upon the fixing of extortionate prices by private combinations of capitalists. The experience of New Zealand shows that when the state conducts business on sound financial principles, private enterprises can more than hold their own. The only danger is that the government under pressure of public opinion may sell products and services at less than cost, ruin private business and establish monopolies in these and other fields of production. There is no general demand for the further extension of governmental functions; many people think that it would be well to wait until the success of the various state experiments is assured before trying more."

While the conclusions arrived at do not lead the reader to feel that the authors have been continually guided by the spirit of impartiality and a desire to judge matters in an unprejudiced manner, still the work for the most part is very acceptable and will partially fill a need long felt by students of social reform. The volume would have been greatly improved had it been more carefully edited and proof read and had the references been placed in footnotes rather than in the body of the text.

IRA B. CROSS.

Leland Stanford University.

Monroe, Paul. *A Cyclopedia of Education*, Vol. I. Pp. xiii, 654. Price, \$5.00. New York: Macmillan Company, 1911.

An adequate cyclopedia of education in English has long been desired, and more than once proposed to publishers, but heretofore the difficulty of financing such an enterprise has seemed to them insuperable. Now, however, there is practical certainty that the cyclopedia will be an entire financial success.

There are fifteen departmental editors, headed by U. S. Commissioner Brown. One hundred and twenty-eight well-known men and women have contributed to the present volume, among whom are J. R. Angell, H. T. Bailey, John Burnet, Paul Carus, John Dewey, G. S. Hall, Joseph Jastrow, J. W. Jenks, Helen Keller, W. B. Pillsbury, David Eugene Smith, G. M. Whipple.

The articles show a just distribution of emphasis; an educational treatment of every topic (especially noticeable in the biographies), and a freshness and up-to-date character, not likely to be found in new editions of old cyclopedias.

An illustration will show the character of the work, for example, under the general topic of *Aesthetic Education*. Professor A. L. Jones has a six-column account of the history of aesthetics in which the contributions of Plato, Aristotle, Lessing, Kant, Schiller, Hegel and others are concisely given. John Dewey opens up the topic "Art in Education" with a three-column analy-

sis of the subject which exhibits its fundamental principles. James P. Haney continues with a historical account of "Art in Schools" in this and other countries. Arthur A. Dow treats of "Methods of Teaching Art," contrasting the older "academic," with the newer "structural" method. Under the title "Art Schools and Art Instruction," Irene Sargent shows what these are in Europe, while Florence Levy discusses the same subject in the United States.

All these articles give a fairly luminous account of the topic in hand, while the accompanying bibliographies invite to further study.

David Eugene Smith's articles on "Arithmetic and Algebra" are particularly satisfying, since they have historical perspective and yet reflect the best present practice. Much the same may be said of the articles on "Apprenticeship in Education," "Agricultural Education," Henderson's treatment of "Apperception," and many others.

The accounts of educational systems and methods in foreign countries, Belgium for example, are graphic and sufficiently complete, while the whole volume is adorned by many fine half-tones.

The reader can here measure up his ideals and achievements in each aspect of education by the best that has been said and done, so that the whole will be a necessity to each person and institution that proposes to keep abreast of the truest progress in education.

CHARLES DEGARMO.

Cornell University.

Orbaan, J. A. F. *Sixtine Rome.* Pp. 225. London: Constable & Co., 1910.

The title of this book is somewhat enigmatic. It is really a description of the building operations and plans for the improvement of Rome carried out by the great Pope Sixtus V, who ruled and reconstructed the eternal city during the years 1585 to 1590. That so short a period as five years left so strong an impress and one still so clearly visible in Rome is irrefutable testimony to the vigor of this ruler. An aqueduct rivalling those of imperial antiquity in length, abundance of water, and number of the fountains it supplies, a new street leading far across the city and into the suburbs, the Vatican Library, a whole quarter of Rome, the present form of the Church of Santa Maria Maggiore, the Sixtine Chapel, with its carvings, the dome of St. Peter's, the re-erection of the Egyptian obelisk in the square, the re-establishing of the column of Aurelian, and the fortification of the harbor of Civita Vecchia are only the most conspicuous and the most permanent of the material works of these busy five years. Sixtus applied the same vigor to the punishment of the outlaws that infested the Campagna and of evildoers in the city, and kept the whole college of cardinals disturbed by his restless energy. The engineer and builder, Domenico Fontana, was the right-hand man of the Pope in all this work. He was equipped with all the science of the day, aided by a small army of workmen, pulling down old buildings in some parts of the city and erecting new ones, and drawing

from the papal treasury large sums for which afterward he, instead of his master was held responsible. Fontana's description of the moving of the great obelisk is one of the most interesting stories in sixteenth century literature. He had been a friend of Sixtus when the architect was only a mason's boy and the future Pope was merely Felice Peretti, who had himself been a farmer's boy.

The style of this book is somewhat fanciful; whether that is an addition to its interest or a diminution of it is a question of taste. But its information is solid, its statements careful, and its description lucid. Through it all, moreover, runs the charm of Italy, the mingled influence of its centuries of varied history, its great works of science, art, learning, and thought; its sun, skies, mountains and trees; its ruined monuments and its modern regeneration.

E. P. CHEYNEY.

University of Pennsylvania.

Robinson, E. V. *Commercial Geography*. Pp. lix, 455. Price, \$1.25.
Chicago: Rand McNally & Co., 1910.

The author defines clearly in the preface his conception of commercial geography as to "its purpose, its scope and its appropriate method of treatment." That he approaches the subject from a new viewpoint will be obvious from the following extracts. "Commercial geography is the study of the localization of industries;" "Commercial geography has in general no concern with the machinery of exchange or the technique of trade, nor with industrial processes, unless some of these become factors in the localization of industry." In our opinion, these restrictions rule out some material essential for the most constructive adaptation of the subject in advanced courses. It is difficult to conceive where the "machinery of exchange" and "the technique of trade" would find an appropriate place if they have no place in a geographic study of the commerce necessitating the exchange facilities.

The size, arrangement and content of the book indicate that it was designed for use in high schools and colleges offering a one or a half-year course in commercial geography. Part I is a discussion of "The Growth and Factors of Commerce" and treats in a very interesting and suggestive way the historical beginnings and growth of commerce; the influence of climate, soil, geographic situation and topography; how commerce depends on economic forces; transportation; and raw materials of commerce. Part II is a regional study of the geography and commerce of "Continents and Countries," beginning with the United States. The countries, or the geographic divisions of the country, are discussed with reference to geographic controls, industries, transportation and commerce. Part III is an appendix of statistical tables and a conveniently arranged index. The illustrations are well selected and executed, and the ninety-two maps constitute a representative series so valuable to teachers and students as to deserve special mention.

The text is supplemented by a pamphlet of *problems, topics*, and a classified *bibliography*, which the teacher can either use as a guide for elaborating the subject, or place in the hands of the students.

Though many geographers will find difficulty in accepting the author's restrictions on the scope of commercial geography as expressed in the preface, they are well taken for a book of this type and grade. As a whole it is a highly satisfactory text-book, comparing favorably with the best which have been previously published.

G. T. SURFACE,

Yale University.

Smart, W. *Economic Annals of the Nineteenth Century, 1801-1820.* Pp. xxxvi, 778. Price, \$6.50. New York: Macmillan Company, 1910.

This volume is a most useful addition to the literature of the economic history of Great Britain. In his work as a member of the Royal Commission on the Poor Laws and the Relief of Distress, Professor Smart came to realize the imperative need of more detailed information concerning "the history of the working world," in order to understand why poverty has existed and still persists. He decided to use "the remainder of his years to help on the science" of economics by writing the annals of the economic history of England during the nineteenth century.

The author's materials are drawn mainly from "Hansard's Debates" which have evidently been studied from cover to cover. The other fruitful sources of information were the "innumerable reports of committees and commissions." In making his record of economic events in England during the first twenty years of the century Professor Smart has given prominence to three questions—protection, the "cyclical movement" (ebb and flow of prosperity), and taxation.

An English economist, using parliamentary debates for his material, would naturally give much space, in an economic annals of the years 1800 to 1820, to Adam Smith's doctrines and to the agitation for free trade. It is probable that the industrial and social progress of the United Kingdom during those years was less influenced by fiscal legislation than economists are wont to assume; but the burdens placed upon industry by taxation of all kind during the prolonged period of the Napoleonic wars were a serious handicap to business and an account of the economic history of those years must needs pay special attention to the theories and practice of taxation.

The attention of public men and writers in England from 1800 to 1815 was not so much upon domestic economic affairs as upon the life and death struggle against Napoleon. For this reason, as Professor Smart says, "the domestic annals were very scanty—nobody apparently thinking it worth while to record the humbler events at home when the destiny of Europe was being determined on the continent. It is but natural that this first volume of the nineteenth century economic annals should devote much space to England's share in the war against Napoleon. That war meant heavy taxes, high prices, and curtailed markets. "In a sense, the history of the war during

these years is the history of England." The author, however, has kept to the path of economic history, and has apportioned his space fairly as between domestic and international economic affairs.

EMORY R. JOHNSON.

Turner, John K. *Barbarous Mexico*. Pp. 340. Price, \$1.50. Chicago: Charles H. Kerr & Co., 1911

It is exceedingly difficult to pass judgment on this book without entering with considerable detail into the social and political development of Mexico during the last three decades. The work occupies about the same relation to the conditions of social progress in Mexico as Lawson's book on "Frenzied Finance" toward the history of American economic and financial growth. If it were possible to make a composite book of the works of Creelman, Godoy and Turner we would approach an accurate estimate of the present situation. Unfortunately for Mexico, Mr. Turner found himself compelled to write a series of Mexican articles which would not only arouse some interest on the part of those who were studying Latin-American affairs, but which would also attract the attention of the general public. He has, therefore, done for Mexican social conditions what Lawson did for American finance, namely, to throw the high-lights on the shortcomings of the present situation. In so doing he has created a distinctly false impression as to the present condition in Mexico. It would be useless to enter into a controversy with the author with reference to the accuracy of his facts. Even if true, the impression which he creates in the reader's mind would be none the less false. He fails to place his descriptions in their proper settings or perspective.

The most superficial study of Mexican history and present conditions must convince one that in a country in which so large a percentage of the population is illiterate, with a relatively low standard of living, it is physically impossible for the government to prevent abuses on the large landed estates in which the agricultural laborer finds himself completely at the mercy of the land owner, or, to be more correct, at the mercy of superintendents and managers. It would require an administrative organization far more elaborate than any American or European country has as yet developed in order adequately to protect the agricultural laborers against the oppressive methods of the less enlightened employers.

No one will deny that Mexico has many and exceedingly difficult problems to deal with, but it is unfortunate here in the United States, where there still prevails such widespread ignorance concerning the real conditions existing in Mexico, that works purporting to be a fair picture should be of so misleading a character.

L. S. ROWE.

University of Pennsylvania.

Watson, D. K. *The Constitution of the United States.* Two vols. Pp. xlii, 1,959. Price, \$12.00. Chicago: Callaghan Company, 1910.

In one way this comprehensive two-volume work will be found a decided improvement over the usual treatise on constitutional law. In the discussion of the various clauses of our fundamental law, the historical bases, so far as they appear in the proceedings of the convention, are reviewed. This gives a much better background for judging the intent of the framers of the constitution than is possible when only the words of the clauses and the logic of the thought and arrangement are considered. The value of this method can hardly be over-emphasized. It has not, however, been fully appreciated by Mr. Watson. There are few historical references to the period before the constitutional convention itself. The use of the contemporary discussions of the meaning of the constitution which appeared at the time of the adoption of the constitution and in the formative period following is restricted. Failure to give a picture of the constitution as it appeared to the generation which adopted it can hardly be justified in a book which aims to cover, as does this, the "history, application and construction" of the document.

There is a failure also to outline the historical growth of the constitution since its adoption, by which it has become in fact if not in form a scheme of government which in many respects would hardly be recognized by the fathers. The history of the constitution, in a word, cannot be confined to the period of the convention, it goes back far before the Revolution and it did not stop with the adoption of the constitution or with its amendments.

History of the constitution should also include more than judicial decisions. In the discussion of the taxing power, it hardly seems that the facts concerning the Civil War income tax and the argument supporting it should be overlooked. It is not true that representatives to congress have never been elected by territory which has not been given the status of "territory" in the popular sense of that term. The omission of consideration of the "new problems relating to constitutional government (which) are demanding consideration" confines the discussion of the insular cases to a little over five pages. Limitations similar to these are met throughout the volumes.

In arrangement the order given in the constitution is followed. The result especially in the discussion of the amendments is repetition, and to one who fails to bring together the discussion of the parts of the constitution which are connected in thought, confusion.

In spite of these defects, which refer to the arrangement and choice of materials, Mr. Watson's work is valuable. The discussion is scholarly and the historical material within the limitations mentioned is well used. There is a well selected table of cases and a fair index.

CHESTER LLOYD JONES.

University of Wisconsin.

Weale, B. L. P. *The Conflict of Color.* Pp. ix, 341. Price, \$2.00. New York: Macmillan Company, 1910.

This new volume by the author of "The Reshaping of the Far East" might

well have been named "The Reshaping of the World." Its central thesis is that the old European-classic period of world history is ending and that in place of its problems are arising the problems of race conflict in the world area. The five chapters deal with the great ethno-geographical regions of the earth: "How Color Divides the World To-day," "The Yellow World of Eastern Asia," "The Brown World of the Middle East and the Near East," "The Black Problem," and "General Conclusions."

Two fundamental facts account for the changing orders of things. The white races are increasing more slowly than the colored and will soon be overborne by mere numbers in Asia and Africa. The colored races are also gaining self-consciousness and self-assertion sufficient to spur them on to aspire to independence—an independence lost to the whites while they were still "undrilled." Political boundaries are thus being obscured by ethnic boundaries, and future frontier-rectification must occur in those regions where the colored races find their brethren within the borders of white states. The European colonial powers are meanwhile handicapped because they do not present a united front against the greater and growing masses of the colored in the outlying regions. Weale nowhere presents any evidence, however, that there exists a tendency toward a general solidarity among the non-white groups.

White civilization is not adapted to the colored races, and consequently, its institutions would not flourish in either Asia or Africa. For instance, Christianity is not suited to the Asiatic type of mind, nor is it so well calculated as is Mohammedanism to develop manliness among the blacks of Africa. Since Japan's victory over Russia the leadership of the yellow races has fallen to her, and this means the growth of a racial solidarity independent of and ultimately hostile to the whites. In India, England can no longer rule by the old methods. It is interesting to note that the author believes that for the future it will be soldiers or sailors, or better still scientists, rather than classically trained scholars, who will be best suited for Indian administration.

The black race, which has contributed practically nothing to the world's culture, is capable of indefinite multiplication, now that tribal wars and the slave trade have been stopped. Unadapted as the author believes Christianity to be for the African, the Christianization of that continent is nevertheless the only hope for the future of the white race there, since this alone will keep the natives submissive to white rule.

It is, then, the arrested birth-rate of the whites which is bringing on this crisis. France, for instance, is rapidly dropping out of the running as a colonial power for this reason. But Weale seems to forget that a similar decline in fecundity is likely to take place among the colored races themselves when subjected to the same social and economic conditions. His estimates of probable future population must be checked in the light of this most certain change. He also fails to allow for the other social changes that must follow among outlying races when they have absorbed some of the chief elements of white culture. Most of his conclusions are based on prophecy, and it is therefore strange that he should not have been warned

by the instance of Japan's rapid transformation. The immediate effects of this transformation form the basis of his prognostications as to the future of eastern Asia, but it is unsafe to imagine that the immediate reaction will be permanent.

If the book has something of an alarmist note, it nevertheless calls attention to certain real changes in the world's center of gravity that are of vast import. Great forces, hitherto imperfectly organized and therefore unrecognized, are bringing the old antagonism between east and west to an acute stage. Weale is more at home in handling the problems of far eastern politics than in dealing with the other aspects of his subject. His use of historical materials is not particularly happy, and his equipment of notes is often ponderous and not always pertinent.

ULYSSES G. WEATHERLY.

University of Indiana.

Wilcox, Delos F. *Great Cities in America.* Pp. xi, 426. Price, \$1.25. New York: Macmillan Company, 1910.

Dr. Wilcox's latest volume "*Great Cities in America*" (one of Macmillan's Citizens' Library Series) shows him at his best as a civic pathologist. With great detail he lays bare the faults and shortcomings of Washington, New York, Chicago, Philadelphia, St. Louis and Boston. The author's attitude towards the cities which he describes can best be defined by quoting from what he has to say on the subject of the reputation of American cities:

"What Mr. Bryce describes as the 'one conspicuous failure' of American government has become only less conspicuous during the twenty years since he wrote '*The American Commonwealth*' by a growing realization of corruption, extravagance and inefficiency in other branches of government. New York City stands in the fame of the world for Tammany Hall, enormous indebtedness, and corporation domination. Chicago, though its reputation has somewhat improved of late, has not yet erased from its scroll of fame the words 'Yerkes,' 'grey wolves' and 'Satan's invisible world displayed.' Philadelphia is known as 'corrupt but contented,' the most shameless in its infamy of all cities of the western world. St. Louis is known as a city where the boodle aldermen trafficked in the public treasures until bribery was regarded as a venial offence. Boston, proud of its culture, is nevertheless known as the city whose petty graft and multiplication of ward heelers has made its government more expensive than that of any other city in the Christian world."

Dr. Wilcox ignores or greatly underestimates the great forces that are at work in every American city making for higher standards of civic conduct and for efficiency and effectiveness in administration,—factors which have grown so mightily in the last fifteen years that Mr. Bryce, perhaps the most dispassionate and discriminating critic America has ever had, in his recent New York City Club speech was impelled to speak with hopefulness concerning the outlook for American cities.

Those who are interested in the pathology of the subject rather than the

preventive and remedial side will find the present volume suggestive. Those, however, who are interested in the forward movements which are at work in municipal life will find very little to help or interest them.

CLINTON ROGERS WOODRUFF.

Philadelphia.

Woollen, W. W., and Thornton, W. W. *The Law Relating to the Traffic in Intoxicating Liquors and Drunkenness.* Two vols. Pp. cccclxxiii, 2,395. Price, \$13.50. Cincinnati: W. H. Anderson Company, 1910.

In their preface the authors state that the subject of Intoxicating Liquors has not been systematically treated since 1892, in a work devoted entirely to this matter. In the interval the legislatures have been busy regulating the liquor traffic, and the number of reported cases has doubled. The work under review contains nearly 27,000 citations, and seems to be a well-nigh exhaustive treatise of the decisions.

Of course, the authors could not be expected, even within the generous limits of their work, to set forth at length the statutes of the various states relative to intoxicating liquors. Moreover, no attempt is made to discuss the United States revenue laws and regulations for the taxation of intoxicating liquors. But it is remarkable how thoroughly the extensive field to which the authors have devoted themselves has been explored and mapped out.

Exception must be taken to the statement in the preface that apparently "all questions that can possibly be raised concerning the traffic and control of intoxicating liquors have been presented to the courts for their consideration." The multitude of decisions already handed down which is alleged as a reason for the statement just quoted, would rather indicate that our courts will have many more such cases in the future. In the first place, the legislation on the subject has by no means taken final shape. The wisdom of those who seek to minimize the horrors of the liquor traffic mingled with the blind fanaticism of many of our worthy Prohibitionists and the crude ignorance of some of our legislative reformers often results in the distillation of a blended legal product, in the form of a statute, which puzzles the lawyers and judges as much as the question "What is blended whiskey?" puzzled the authorities at Washington a year ago. In the second place, new expedients to evade the law are forever being devised, with greater or less success, and all these bring new points before our courts for solution.

The work begins with a study of the definitions of various names used to designate liquors, including a variety of "bitters" and other similar compounds which enjoy a flourishing sale in parts of the Union where alcohol is esteemed for its medicinal properties. Much space is devoted to the constitutionality of statutes either forbidding or regulating the liquor traffic, and to the "original package" and other cases dealing with interstate commerce. The subject of licenses in its various phases is treated at length.

No little entertainment can be derived from a study of some of the decisions dealing with attempts to evade the law in prohibition districts. The topics, "Druggists' Prescriptions," so-called "Gifts of Liquor," and "Clubs,"

ostensibly social, but really organized for drinking purposes, are brimful of interest.

Attention should be directed to the discussion of the adulteration of liquors under the state laws and under the national pure food and drugs act, as well as to many other matters of which space forbids mention here. The author's treatment of the right (existing in some states) to recover damages against a saloonkeeper for improperly furnishing liquor to a known drunkard merits special praise. The chapters on drunkenness in connection with wills, divorce, negligence and life insurance are also to be commended.

JOHN J. SULLIVAN.

University of Pennsylvania.

318.

THE FUNCTIONS OF PRODUCE EXCHANGES

BY S. S. HUEBNER, PH.D.,

Professor of Insurance and Commerce, University of Pennsylvania.

With annotation by S.S.H.
Modern produce exchanges are the product of the last sixty years and have developed in all the leading grain, cotton and provision centers in response to the desire for large and well organized markets. Their ancestry has been traced back to the large and flourishing fairs of several centuries ago, which prevailed in many parts of Europe. Probably the first instance of a modern exchange is that of the Antwerp Bourse,¹ established in the middle of the sixteenth century, and followed soon after by the Royal Exchange of London. Commodities were bought and sold here upon certificates, although the general warehouse or elevator receipts, to be described shortly, were developed much later.

With the development of enormous agricultural areas in the nineteenth century large surplus stocks of agricultural staples were created which far exceeded local demands. This surplus stock required a world market for its proper distribution to the consuming centers, and the development of such a market was greatly facilitated by the tremendous strides of the last century in methods of transportation and communication. Instead of the local fair, the trade now required a market where buyers and sellers from all parts of the world might meet to make transactions in person or by representatives. Convenience and promptness in buying and selling now became essential. Uniformity of usages, high standards of conduct, detailed organization of every branch of the trade, and efficiency in the operation of the business became highly desirable. And so about the middle of the nineteenth century numerous exchanges, sometimes also called boards of trade, chambers of commerce, and bourses, were organized with a view to standardizing trade and giving to it the conditions just enumerated. The Chicago Board of

¹For a brief account of the early development of produce exchanges, and the reasons for their development, see Mr. John C. F. Merrill's series of articles published in the "Chicago Commerce" during March and April of 1910 on the "Study of the Economic Function of Produce Exchanges in the System of Production and Distribution." Mr. Merrill is President of the Board of Trade of the City of Chicago, and his article contains many valuable suggestions.

Trade was incorporated in 1859, although organized in 1848. The New York Produce Exchange, having existed as an unincorporated association since 1850, was incorporated in 1862. The Merchants' Exchange of St. Louis assumed the characteristics of an exchange in 1854. The New York Cotton Exchange was organized in 1870, to be followed by the Minneapolis Chamber of Commerce in 1881, and the New York Coffee Exchange in 1882. Among the other American produce exchanges where buying and selling is conducted may be mentioned those at Duluth, Kansas City, Mo., Omaha, Milwaukee, New Orleans, Winnipeg, Toledo, Detroit and Buffalo.²

Unlike the American stock exchanges, which are private, voluntary, unincorporated associations, our produce exchanges are incorporated bodies. Their rules, organization and methods of procedure resemble each other with few exceptions. In recent years, also, there has been a tendency towards co-operation between the several exchanges similar to the movement in favor of creating an association or trade organization for nearly every other line of commerce in the country. In 1909 the grain exchanges, dealing in grain and provisions, saw fit to create a "Council of North American Grain Exchanges." The exchanges themselves constitute the membership, each being represented by delegates; and at the last meeting they numbered thirteen, viz.: Those of Chicago, Kansas City, Toledo, St. Louis, Duluth, Omaha, New York, Buffalo, Baltimore, Philadelphia, Minneapolis, Milwaukee and Wichita. The object of this organization is "to increase the efficiency and extent of the usefulness of exchanges trading in agricultural products; to promote uniformity in customs and usages; to facilitate the adjustment of business controversies and differences that might arise between members of the various exchanges; to render enforceable the principles of justice and equity; to encourage the enactment of wise and helpful legislation; to enlighten the general public as to the important service rendered by exchanges in handling agricultural products; to cultivate reciprocal relations between the trade of North America and that of other countries; to obtain by affiliation those greater legitimate conditions unattainable by separate and local effort; and,

²For a brief description of most of these exchanges and a statement of their distinctive features, see the articles in this volume which deal with several of the important exchanges; and also the series of short articles originally published in the "National Hay and Grain Reporter" of May 20, 1911, and reproduced on pages 227-252 of this volume.

generally, to advance the welfare of the grain trade, its allied interests and all those engaged in the production, handling, marketing and consumption of agricultural products."

I. THE GENERAL OBJECT OF EXCHANGES

A modern produce exchange may be defined simply as an organized market place which enables people to buy and sell freely certain commodities either in person or through a broker; and which in order to facilitate such trade has for its fundamental objects the promotion of uniformity in customs and usages, the inculcation of principles of justice and equity in trade, the facilitation of the speedy adjustment of business disputes, the dissemination of valuable commercial and economic information, and the securing to its members all the benefits of co-operation.³ The exchange itself is not organized for the making of money, and does not fix prices or make transactions in the trade as an organized body. It is merely instrumental in affording a convenient market place, in regulating trade, and in disciplining the conduct of its members. Its members act on their own responsibility. They may do as much business as they like, provided they conform to the standards which the rules of the exchange prescribe for the regulation of the trade.

II. THE REGULATION OF BROKERAGE TRANSACTIONS

In the free buying and selling of our vast crops by thousands of middlemen, it is not at all surprising that many questionable practices should arise. Great importance should therefore be attached by all interests coming in contact with the market to the disciplinary rules which have been adopted for the regulation of brokerage transactions, and the maintenance by this means of a standard of commercial honor in the trade very much higher than would otherwise be the case.

Practically all the exchanges have adopted similar rules in this respect. The greatest care is exercised in electing members to the exchange, and when elected, the new member obligates himself to abide by the constitution of the exchange and all subsequent amendments thereto. Expulsion is the penalty in case a member fails to comply with the terms of any business obligation or with the award

³These fundamental objects of a produce exchange will be found enumerated in the constitution of every leading American exchange.

of any committee of arbitration; or in case he deals in differences in the fluctuations in the market or is connected with any bucket-shop. All orders must be executed in the open market and no customers' trades can be taken by members for their own account, either directly or indirectly, on pain of expulsion. Expulsion is also the penalty for making or reporting any false or fictitious purchase or sale, or for being guilty of bad faith, dishonorable mercantile conduct, or any attempt at extortion; and when expelled no member may transact business upon the floor in his own name or through any broker or employe. No member is allowed, under any circumstances, to be both principal and agent in any transaction; nor may a member either by his own act or by the act of another member or broker be placed in the position of agent for both seller and buyer. In all trials the exchange possesses the power to call witnesses or to demand the papers of any firm connected with the case; and suspension is the penalty for failure to testify or produce the records.

For the benefit of the trade the exchange regulates the inspection, grading, weighing, storage and shipment of grain, the brokerage charges for the various types of services rendered, and the deposits necessary to secure the fulfilment of time contracts. Trade committees are appointed for the several kinds of produce to decide disputes and interpret the usages prevailing in each. Weighers and inspectors are appointed and licensed, and agreements are frequently effected with warehousemen and transportation companies. The rights of the respective parties in the various kinds of contracts are minutely prescribed; the settlement of such contracts is outlined in detail; and in case of insolvency, the method of procedure is carefully defined. And lastly, among the many other rules enforced, should be mentioned the practice of arbitrating all business disputes, quickly and cheaply, and with the understanding that purely technical provisions should be no pretext for the avoidance of contractual obligations. So high is the standard of the decisions of the committees of arbitration that they are often given the force of law by the highest courts.

III. CASH OR SPOT MARKET

As regards the largest exchanges of the country, sales may be divided into two main classes, viz.: (1) "cash" or "spot" transac-

tions, and (2) sales for future delivery, usually called "futures." The difference between these two types of transactions consists merely in the time when the title to the property changes. The "cash" transaction is a "sale" as soon as completed, while the "future" contract is defined as "a contract to buy, or a contract to sell at some definitely prescribed future time." It is common for the press and the public to attach undue prominence to the buying and selling for future delivery, and to overlook the fact that the original and basic object of the exchanges was to furnish a convenient meeting place for the buying and selling of "cash" grain, cotton and provisions, and that to-day an enormous volume of such cash business is transacted upon the "cash" tables which line the floor of every exchange. In fact, it is only the largest exchanges that afford a market for futures, while most of the smaller exchanges are known exclusively as cash markets.

As regards this cash market it is not generally realized that the same contest of intelligence between buyer and seller takes place, the one striving for the lowest possible price and the other for the highest, as in the buying and selling of all other commodities. The great variety of business interests participating in this organized cash market, and its relative importance when compared to the market for futures is well brought out in President Carhart's article on "The New York Produce Exchange."⁴ Moreover, the methods and contracts used in this market need no extended treatment here, the reader being referred to the article of Mr. Siebel Harris on "Methods of Marketing the Grain Crop."⁵ Suffice it to say that the operation of brokers on an exchange floor are, as President Merrill, of the Chicago Board of Trade, points out, "not unlike in substance, an ordinary auction where the price that the article brings is determined by the demand of the bidders for the article being sold. But here the similarity stops, for commodities are dealt in upon the exchange floor which have a world market, whereas in the auction room the price obtained may be determined by the individual fancy or cupidity of the buyers." The Chicago Board of Trade, as he explains, "is nothing more or less than a great central market for the buying and selling of grain and produce. . . . It is simply a meeting place for buyers and sellers, an institution

⁴ See page 206.

⁵ See page 36.

X maintained by nearly eighteen hundred brokers for the single advantage that thereby time and labor may be saved in the execution of orders to buy, or, sell grain, or provisions. It is not contended that it would not be possible to market grain if every exchange were closed, any more than it would follow that the world would be in darkness if lighting by electricity had never been discovered, or that business could not be transacted without the telephone, the telegraph or the typewriter. Even without the exchange a broker could sell a consignment of grain or provisions by traveling the length of South Water street, or communicating with several hundred millers or grain dealers throughout the country. But modern business, and particularly the business of marketing the grain and provisions of this country, has grown to too great proportions to permit of such an unwieldy and costly system."

IV. THE BUYING AND SELLING OF FUTURES

No feature of our produce exchanges has met with so much adverse criticism as the buying and selling of produce "for future delivery," especially in view of the fact that such dealings are inseparably connected with the practice of "short-selling." In later sections of this paper it will be shown that the future contract and the short sale are essential for many reasons, and that the produce business of the country could not be conveniently conducted without their use. The object of this section, however, is merely to show in brief the manner in which this market for "futures" is organized.

The financial page of any important daily newspaper will furnish a table of quotations for wheat, corn, oats, cotton, and coffee arranged by months. On October 10, 1910, the Chicago quotations for wheat were as follows:

Wheat.	Open.	High.	Low.	Close.
December	.97 $\frac{7}{8}$	.98 $\frac{5}{8}$	.97 $\frac{7}{8}$	.98 $\frac{3}{4}$
May	1.03 $\frac{3}{4}$	1.04 $\frac{5}{8}$	1.03 $\frac{3}{4}$	1.04 $\frac{1}{4}$
July	.99	.99 $\frac{3}{8}$	.99	.99 $\frac{3}{8}$

This table shows that dealers on the Chicago Board of Trade were on this day selling wheat for future delivery in some designated future month at an agreed price. In the case of "May Wheat" in the above table the dealer definitely agreed to sell a

certain quantity of "contract grade" wheat at \$1.04 $\frac{1}{4}$. This wheat the seller can deliver at any time between the first and last days of May, but when the last day of May arrives he must deliver the quantity sold at the price originally agreed. It will be noticed that May wheat is selling considerably higher than December wheat, and a moment's reflection will show that this should be the case because between December and May many charges have accumulated which must be included in the price. Thus, during this interval, the interest on the capital invested must be allowed for; storage charges must be met according to the advertised rates of the elevators; and insurance premiums must be paid. The dealer, in other words, must keep in mind all these accumulating charges, and they should be reflected in the price of wheat sold for delivery in May, as compared with the price of the same wheat when sold for December delivery. But it will be asked, why should July (1911) wheat be sold at 99 $\frac{3}{8}$ c., when May wheat, representing an earlier month, sells on the same day at \$1.04 $\frac{1}{4}$? Here it must be remembered that these prices, besides including the expense items just mentioned, must also reflect the discounting process which speculators always have in mind when selling grain for future delivery. Consequently, we find dealers on October 10, 1910, selling wheat for delivery in July, 1911, and in doing so they are already looking towards next year's crop, which begins to come on the market in July, whereas May wheat has reference to the old crop harvested in 1910. Many, if not most of the dealers selling this wheat for future delivery probably do not possess the grain but are selling short, i. e., are selling something which they do not now possess, expecting, however, when May or July arrives, to go into the market and buy the same for delivery purposes.

In selling for future delivery, unless the contrary is expressly stipulated, the contract calls for the delivery of "contract grain." On the Chicago Board of Trade this term comprises as regards wheat "No. 2 red winter," "No. 1 Northern spring" and "No. 2 hard winter wheat." In other cities different requirements for contract grades exist, i. e., the contract grade is adapted to the necessities of the particular market. Thus, on the Minneapolis Chamber of Commerce, situated in the heart of the Northern spring wheat district, "No. 1 Northern spring" wheat constitutes the contract grade. In Duluth "No. 1 Northern spring" wheat constitutes

the contract grade, but "No. 2 Northern" may be delivered on contract at 5 cents per bushel under the price of the former. Again, on the New York Produce Exchange, where the market for grain is not nearly as large as in Chicago, a very much larger latitude is shown. The contract grades in this city comprise "No. 2 red winter" and "No. 1 Northern spring" wheat, but "No. 2 Northern spring" wheat may be delivered at a discount of 5 cents and "No. 3 hard winter" wheat at a discount of 7 cents. This latitude is permitted for the purpose of relieving short sellers from the requirement of delivering a particular grade when the "cornering" of that grade might make it impossible for them to purchase the same for delivery on their contracts. For the same reason the contract for future delivery used in the cotton and coffee markets permits the delivery of a large number of grades.

X It is also essential that both parties to a future contract should know that the agreement will be fulfilled at the time when the delivery is to be made. If a miller buys 10,000 bushels of wheat in October for delivery next July it is only reasonable that he should have some security which will protect him against failure on the part of the seller to deliver this quantity in the specified month. Similarly, the seller should be in a position to demand security from the miller so that he may rely upon the buyer's financial ability to take the wheat at the contract price when the time arrives for delivery.

X With a view to protecting both parties to the contract the rules of our exchanges authorize both buyer and seller to ask of each other the deposit of a margin equivalent to 10 per cent of the market price, this margin to be increased or decreased by each party according to fluctuations in the market. Each party has a lien on this margin and in case of non-fulfilment of the contract the deposit becomes available so that, in view of the original market price, the contract may be liquidated without loss to the party not at fault. These deposits are made in accordance with the rules of the exchange and can be left either with some official of the exchange, designated for that purpose, or with some bank approved by the exchange.

V. EXCHANGE REGULATIONS FACILITATING TRADE OPERATIONS IN
THE "CASH" AND "FUTURE" MARKETS

The value of exchange rules supervising the conduct of members has already been referred to. But special reference should be made to the supervision of exchanges over the inspection, grading, weighing and storing of produce, and the issuance of "general warehouse receipts" to represent title to the same. Such supervision is of the utmost importance to the proper operation of large "cash" and "future" markets. By virtue of this efficient supervision, as stated by President Merrill, of the Chicago Board of Trade: "both the buyer and the seller are guaranteed a square deal, both as to the quantity and quality of the grain which changes title."

As H. C. Emery states in his "Speculation on the Stock and Produce Exchanges of the United States": "It was only with the development of the warrant and grading system that the real 'future' became possible." The first "warrant" or "warehouse receipt" to develop was a special receipt which represented a specific lot of produce, but, since no general grading system existed, this receipt was not adapted for the making of sales for forward delivery. It was in the metal market that a "general receipt," which represented not a particular lot deposited in some designated place but, instead, *any* lot of a given amount and grade, was first used. Such general receipts were the result of a thorough system of inspection and grading which made possible the storing of any amount of a given commodity of a given grade in bulk. Identification of particular "lots" now became unnecessary. Numerous lots of the same grade, although owned by different persons, could be stored in bulk and taken out later on the representation of general receipts issued at the time when the commodity was deposited. In the meantime, however, while the commodity was stored in bulk, title to its ownership could be readily transferred from hand to hand, the receipt being transferable by endorsement without the actual transfer of the goods represented. In the grain, cotton and coffee markets such general receipts became the rule after 1860. As Mr. Emery well explains: "With the enormous storings of grain in bulk, however, the difficulties of delivering at any moment the actual wheat deposited on a warrant became increasingly great. Consequently a change was made to the system of general receipts."

Grain received by the railroad or the warehouse was properly graded and classified, and all the grain of the same grade was stored in bulk without regard to particular lots. A delivery of the receipt constituted a fulfilment of a contract, and, in fact, the receipts themselves might be considered the commodity bought and sold since they were receipts to receive a certain amount of the given grade on demand."

To make possible such convenient transfers of property from buyer to seller it is essential that all the factors preliminary to the issuance of such general receipts should be thoroughly supervised, so that the genuineness of their face value will go unquestioned. This the exchanges are instrumental in doing. The system of inspection, grading and weighing, which they have adopted with the assistance of the several state governments, has reached the highest standards. Next, the rules of the exchange look to the supervision of the storage of grain in the great collecting and distributing centers. According to the Chicago Board of Trade, for example, the owner of an elevator, whose holdings of grain can be delivered on contracts made on its floor, must be of unquestioned financial standing, and his books are subject to examination by the properly constituted committee of the exchange as often as is deemed advisable. The elevator must be of the most improved character. It must be properly situated and must have proper connection with steamboat lines and trunk lines. The reasons for these requirements are apparent, because when grain is sold for future delivery on an exchange, it is essential that the buyer should know that when the grain is delivered it will not be stored in a location which will put the buyer to any disadvantage. If an elevator complies with all these requirements, the rules of the Chicago Board of Trade designate it as "regular"; and it is only grain located in regular elevators which is available for delivery on future contracts made on its floor.

Having carefully supervised the inspection, weighing, grading and storing of the grain, it is now possible to store the enormous consignments of particular grades of grain in bulk, and permit the elevator companies to issue general receipts to the owners of this grain, provided that these receipts are so carefully drawn as to be readily transferable upon sale or acceptable as collateral. Here, again, the exchanges exercise a supervisory influence in prescribing

the form such receipts must take. All receipts issued by a given firm from any one of its elevators must be consecutively numbered, and are good only for one year. The receipt is dated and gives the name of the company issuing it, the name of the elevator, the quantity of the grain represented, the particular grade of the grain, and also certain stipulations limiting the liability of the company, especially with reference to loss by fire or heating. The receipt is subject to the regular advertised storage charges, and stipulates that the grain represented will be delivered only upon surrender of the receipt and the payment of accumulated charges. It is signed and countersigned by certain officers of the company, is in nearly all cases negotiable, and, if issued by an approved elevator, is acceptable as a delivery on exchange contracts.

VI. EXCHANGES GIVE THE QUALITY OF MOBILITY TO PRODUCE

The delivery of warehouse receipts on exchange contracts gives to the grain, cotton and produce they represent the same quality of mobility, for purposes of sale or deposit as collateral, as is given to corporate property represented by stocks and bonds listed on our stock exchanges. If it were not for organized markets and the existence of warehouse receipts, the vast quantity of produce lying in warehouses and elevators, aggregating hundreds of millions of dollars, would not be available for business purposes except in a very crude way. If the holders of such produce wished to borrow against it, it would be necessary each time to have the creditor see and inspect the same; and every such inspection would necessitate great inconvenience and unnecessary delay and expense.

At present the greater part of the country's enormous crops is purchased from the farmer by warehouse and elevator men during the three or four months of the crop moving season, and is then gradually sold to the consuming public during the balance of the year. The farmers, as a rule, demand immediate cash payment, although the grain dumped on the market greatly exceeds the current demand. This accumulation of grain in elevators and warehouses, the grain being paid for as soon as it leaves the farmers' hands, requires the expenditure of hundreds of thousands of dollars in excess of the available capital of the buyers, this in turn necessitating on their part extensive borrowing from bankers

against so-called "grain paper." If grain buyers could not borrow against their purchases, it would mean that upon buying a consignment of grain, they would have to transport the same with a view to selling it in another market and wait for the proceeds of the sale before making a new purchase. This might necessitate several weeks' delay. Since their business is a highly competitive one, depending upon the making of a small profit, averaging about one per cent on the present value, such delay would make the grain buyers' business not only an unprofitable one but would greatly handicap them in getting their share of the grain within the three or four months of the crop moving season. To make the grain buying business profitable, it is necessary for the buyers to transact the business on credit, and it is estimated that approximately nine-tenths of the country's grain and cotton crop is originally purchased with borrowed funds.

The ease with which grain buyers under present conditions avail themselves of bankers' credits may be briefly illustrated. Let us assume a grain buyer to be the possessor of \$100,000 of capital for the buying of grain, and that the price during a given period continues to be \$1.00 per bushel. He buys 100,000 bushels of wheat with the intention of forwarding it to the East for sale. To do this will require several weeks, and possibly he may find it desirable or necessary to hold this grain for several months before disposing of the same. Yet the nature of his business demands that he liberate his capital for new purchases long before he sells his present holdings. He proceeds to do this by having his 100,000 bushels of wheat inspected, graded, and represented by a warehouse receipt or a bill of lading. He also has the same insured in a reputable fire insurance company against loss by fire, and "hedged" on some exchange against loss from a decline in price. Then he will take the grain paper, representing his 100,000 bushels, and the fire insurance policy to his banker as collateral security for a loan, and the banker will grant a loan against this grain to the extent of about ninety per cent of its value or \$90,000 according to our assumption. If the banker knows that the grain is hedged, he will know that his risk is greatly reduced, as will be shown in a later section of this paper.

With wheat remaining at \$1.00 per bushel, our grain buyer may immediately purchase another 90,000 bushels, again have the

same inspected, graded, hedged, insured against fire, and represented by receipts. These receipts may again be offered as collateral for a new loan of ninety per cent of the value of the last lot of 90,000 bushels, or \$81,000. With this new credit, the buyer may immediately purchase 81,000 bushels of grain, again have the same inspected, graded, hedged, insured, and represented by receipts, again make a new loan for ninety per cent of its value, purchase immediately another lot of grain, and continue this operation until his original capital has been entirely, or almost entirely, absorbed in margins. Beginning with only \$100,000 capital, this grain buyer has been enabled, through the ease with which grain can be rendered mobile under present conditions, to do a business seven or eight times as large as would be possible under other conditions, and his profits are correspondingly greater. The farmer, on the other hand, has been benefited in that he may dispose of his entire crop within a short time, and on a cash basis, irrespective of the immediate demands of the consuming world. When the grain buyer is ready to begin selling his grain, he will usually sell that lot upon which there is no lien, or which may have been purchased with funds secured on his own notes. Realizing from the proceeds of this sale, he will redeem his loans, gradually releasing one group of collateral after another, thus enabling him to continue selling wheat until he has it all sold. X

VII. EXCHANGES FURNISH A CONTINUOUS MARKET

But, it will be asked, why do bankers lend so extensively on grain paper when they know that the price of the grain held as collateral may decline in a week or two by much more than the ten per cent margin? The answer is that they do so partly because the grain may be hedged against such price fluctuations, and also because they know that grain always has a ready market on our produce exchanges, thus affording them ample opportunity at any time, if they deem it necessary, to sell the grain held as collateral before the margin of ten per cent on the loan is exhausted. During every hour of every business day, there is always present on our produce exchanges a group of brokers and speculators always ready to buy and sell, and so numerous as to furnish a continuous market where in the course of a few minutes and with the sacrifice of only a small amount in the price, hundreds of thousands of

bushels of grain may be either bought or sold. This continuous feature of large produce markets serves as a means of insurance to farmers, bankers, grain dealers, speculators and manufacturers in so far that it gives positive assurance to all holders of grain, cotton and produce that, in case of necessity, they can, at a moment's notice, by selling it at approximately the prevailing price, convert that produce into cash.

The existence of such continuous markets is greatly facilitated by the presence of a group of speculators who are willing to buy any supply that may be offered, because in their judgment a profit will be derived by selling it at a future time. The advantage of such continuous buying to the banker has just been explained; and its absolute necessity to all who wish to hedge their holdings of produce will be explained shortly. But a continuous market throughout the year and at reasonably steady prices is also essential to the farmer. As stated, farmers realize upon the larger part of their crops shortly after harvest, and were it not for the large group of buyers who are always willing to take the grain with a view to storing it and selling it for future delivery, it would necessarily follow that prices would fall extremely low at harvest and rise unduly just before harvest. Mr. Merrill, President of the Chicago Board of Trade, suggests that "the testimony of all large grain merchants is that formerly the price of handling grain averaged six, eight and ten cents a bushel, as compared with an average of a two cent margin at the present time." Or it may happen, as Mr. Merrill explains, that "the farmer may have his crop still in the ground or he may have it upon his farm awaiting a time when the roads are in condition to bring it to market, or he may have it stored in an elevator at his own expense waiting for a better price—yet in each of these cases he can, and usually does, dispose of his surplus crops by selling them through a broker upon some board of trade for delivery at a future time."

VIII. THE CONTINUOUS MARKET IN FUTURES AS A MEANS OF INSURANCE TO MANUFACTURERS AGAINST LOSS OF TRADE PROFITS

In much the same way, the miller or manufacturer finds a continuous market of the greatest service. He may receive an order to deliver 5,000 barrels of flour five months from date at a

stipulated price, and not having the wheat on hand wishes to know if he can safely accept the contract. Or his elevator capacity being small, he might desire to make sure of a regular supply of wheat from month to month, and at prices which will be profitable, to keep his mill working to full capacity. Without a continuous market in futures, this miller would be unable to secure his supply months in advance and at definite prices, and every order for the future delivery of flour would be a speculation, unless he actually held the necessary wheat at the time the contract is accepted.

The purchase of grain and its storage prior to the acceptance of orders for the future delivery of flour, however, is entirely unnecessary under present conditions. Suppose that in July a miller receives an order for 5,000 barrels of flour to be delivered within five months (i.e. in November) at say \$6.50 per barrel. As soon as he receives this order, and let us assume that he must acknowledge its acceptance or rejection immediately, he can at once communicate with his broker to ascertain the present price of wheat to be delivered to him, say in the month of October, or in any other month which may suit his convenience. Since the market in futures is a continuous one, he will always find it possible to buy the necessary amount of wheat at a stipulated price. As soon as he is informed of the price at which wheat, deliverable in October, is selling, he can at once determine whether this price will enable him to manufacture flour profitably at \$6.50 per barrel. If he finds the price of wheat satisfactory, he can at once accept the contract for the delivery of the flour in November, at the same time giving his order for the purchase of the requisite amount of October wheat at the prevailing price. Having concluded the two orders, the miller is absolutely certain of his trade profit, irrespective of future fluctuations in prices.

A rise of thirty cents per bushel would more than have wiped out his trade profit had he accepted the order without at once purchasing wheat. This contingency, however, is now eliminated because he has a definite promise to receive the wheat according to the terms of his future contract, the fulfilment of which promise he can secure by a deposit of a margin as already explained. On the other hand, if the price of wheat declines, it may be argued, he would have been better off if he had not purchased the wheat for future delivery. But the miller entered the speculative market

X with a view to avoiding speculation. He is after a milling profit only and wishes to run no chances. Having contracted for the future delivery of the flour, he uses the exchange market to buy a corresponding amount of wheat for future delivery at the desired time. The advantage which he would have had, in case wheat declines, in not having purchased in advance, he regards as an insurance premium for the safety secured, just as the manufacturer is willing to pay a premium to an insurance company to relieve himself of the danger of fire, although no fire may occur. What has been explained here for the miller, may also be explained for the maker of cotton goods and many other classes of manufacturers. They buy in advance on exchange markets at definite prices, also accepting contracts for the future delivery of the finished product at definite prices, and are therefore assured of reasonable profits. They have eliminated all gamble by resorting to the speculative market, the burden of risk having been thrown upon those whose business it is to assume speculative risks.

IX. PRODUCE EXCHANGES ARE CLEARING HOUSES OF INFORMATION

X Produce exchanges also serve as a world's clearing house for trade and crop information, and in this respect render an invaluable service to producer, middleman and consumer. All our leading crops are produced over such large areas that few individuals have it in their power to keep in daily touch with current crop and trade events except it be in their own particular locality. The prices of nearly all leading cereals are determined by national or world-wide conditions, and the favorable or unfavorable condition of a crop in one locality or country may be so outweighed by the opposite condition elsewhere as to render worthless a price quotation based upon local evidence.

To-day, however, all the leading produce exchanges are in constant touch with crop conditions, weather reports, the movements of grain, changes in freight rates, the rate of consumption, economic legislation, political complications, etc.; and all this information as currently received is given immediate expression in the form of purchases and sales at prices which are immediately transmitted by wire to all the trade centers, and soon made available to the general public by the daily press. Communication by wire and the ticker has connected the world's exchange markets so as to

make them practically one. Only a few minutes will serve to place the leading foreign exchanges and such important American markets as those at Chicago, New York, Minneapolis, Duluth, St. Louis, Kansas City and Toledo in possession of each other's quotations. All the leading exchanges spend thousands of dollars for the prompt acquisition of information. This information covers a very wide range and relates to the size and quality of the growing crops here and abroad, daily changes in the weather, etc., affecting the crops, the volume of sales and the price, the arrival and shipment of cargoes in leading markets and foreign centers, and the "visible supply" here and abroad.

The value of this prompt and elaborate collection of trade information is fourfold, viz.:

(1) IT MAKES POSSIBLE THE DISCOUNTING OF THE FUTURE, i. e., it enables dealers and speculators to exercise their best judgment at once in the form of actual transactions, and thus to reflect this current information in the quotations long before it would otherwise be impressed upon the general public. Thus, the effect of a short or bumper crop upon prices is reflected, i. e., discounted, weeks in advance. The United States Government publishes monthly elaborate crop reports which are given the widest circulation, but it generally happens that these reports cause scarcely a ripple in the market. Dealers have ascertained the condition of the crop long in advance of the government's report, and when the good or bad news becomes common property its effect is apparently lost. The news has already been discounted, and the market has already gradually adjusted itself to a lower or higher level in accordance with the gradual improvement or deterioration of crop conditions. Mr. H. C. Emery states the matter well when, in referring to speculation on our exchanges, he writes: "With this body of keen experts striving by the use of private wires, special agents and every other means, to discover and foresee every other event bearing on values, speculation has been well defined as the struggle of the well-equipped intelligence against the rough power of chance."

(2) IT STEADIES PRICES. The daily discounting of current events makes unnecessary, except in rare instances where manipulation has interfered with the smooth working of the organized market, a sudden decline or rise in price upon the wide publication

of events which have been slowly developing. An elaborate statistical compilation of prices covering a period of 40 years,⁶ one-half of this period ante-dating dealings on exchanges and the other half following the introduction of such exchanges, shows clearly that the fluctuations in the price which the farmer received for his grain or cotton was not nearly so great during the twenty years when exchange markets were in operation as it was prior to the existence of exchanges. As will be explained later, the middlemen who handle the crops use the speculative market to eliminate the risk of price fluctuations by unloading that risk upon a group of speculators instead of on the producer, and can thus give the farmer the best price. In fact, the prices prevailing during the crop-moving months, as illustrated by this statistical investigation, seem so unusually high when compared with the prices of succeeding months, that it is difficult to see how the speculative contingent in the market realized much of a profit.

Without organized exchanges for the immediate discounting of information, the individual producer would find himself in a most defenceless position, unable to know the fair value of his crop from day to day. In this respect the produce exchanges serve the producer in the same way that the stock exchanges benefit the holder of securities. As stated in my article on "The Scope and Functions of the Stock Market": "Without an organized market the farmer would not know the price of his grain from day to day, because transactions, if private, would not be recorded, might be designed to mislead, and certainly would not be representative of the general judgment. He would be exposed to a hundred times the fraud of to-day. He could be easily misled by unscrupulous counsellors into selling his produce far below its fair value. . . . To-day, however, every newspaper of any importance in the country gives daily produce quotations for the day before, and the holder cannot be deceived as to the price. These quotations reflect the average combined judgment of many minds, which is given concrete expression in actual transactions on the floor of the exchange. Through the widespread publicity of such quotations the world over, the holders of grain are given gratis the combined opinion of

⁶See Volume VI of the United States Industrial Commission, 1900.

⁷See *Annals of the American Academy of Political and Social Science*, May, 1910. This quotation has been modified slightly in order to make it applicable to produce exchanges.

the most competent dealers as to the value of that grain at present and its prospective value in the future. Since these dealers have in mind the future rather than the present, their initiative in making purchases and sales will tend to discount the effects of coming events. The holder of the grain, if he be a thinking and observing man, is free to disregard these quotations if he chooses; but if their trend is pronounced they may serve as a guide by which he may regulate his own action relative to the holding or selling of his produce."

The tendency towards steadying price movements and obviating numerous extreme fluctuations is also facilitated by the operations of the bear crowd. The bear in this respect, again serves the same purpose as in the security market, although in a number of other respects, as will be shown later, he is a much more necessary factor in the produce market than in the security market. In the article, just referred to, it was explained that⁸: "Short-selling in the produce market is often of the greatest benefit in repressing rampant speculative enthusiasm on the one hand, and in checking the effect on prices of excessive pessimism on the other. Short sellers do not determine prices. By selling they simply express their judgment as to what prices will be in the future. If their judgment is wrong they will suffer the penalty of being obliged to go into the market and buy the commodity at higher prices. Nine-tenths of the people are by nature 'bulls,' and the higher prices go, the more optimistic and elated they become. If it were not for the group of short sellers, who resist an excessive inflation, it would be much easier than now to raise prices through the roof; and then, when the inflation became apparent to all, the descent would be abrupt and likely unchecked until the basement was reached. The operations of the 'bear,' however, make excessive inflation extremely expensive, and similarly tend to prevent a violent smash, because, the bear to realize his profits, must become a buyer when he covers. . . . Short-selling, instead of unduly depressing prices as many would have us believe is often the most powerful support which the market possesses. It is an ordinary affair to read in the press that the market is sustained or put up at the expense of the 'shorts' who, having contracted to deliver at a certain price can frequently be

⁸ ANNALS, May, 1910. The following quotation has also been altered slightly to correspond to the conditions of the produce market.

driven to 'cover.' Short-selling is thus a beneficial factor in steadying prices and obviating extreme fluctuations. Largely through its action, the discounting of serious and unfavorable events does not take the form of a sudden shock or convulsion, but, instead, is spread out over a period of time, giving the actual holder of produce ample time to observe the situation and limit his loss before ruin results. The constant contest between the judgments of the bulls and the bears is sure to give a much saner and truer level of prices than could otherwise exist. 'No other means,' reports the Hughes' committee, 'of restraining unwarranted marking up and down of prices has been suggested to us.' "

X (3) IT HELPS TO REGULATE THE RATE AT WHICH THE YEAR'S CROP IS CONSUMED. The modern grain and cotton markets are so organized to-day that the distributing interests in the trade are constantly informed as to the "visible supply" on hand, which may be defined as representing all grain, or any kind of given produce, which is stored in warehouses, elevators, cars or boats, and which is available for purchase. It is a well recognized fact that the exchange quotations for contracts which call for delivery in the new crop months depend not entirely on the prospects of the new crop, but are vitally influenced by the smallness or largeness, as compared with previous years, of the old crop yet unsold, as reflected by the "visible supply," or by statistics relating to holdings which have not yet left the producers' hands.

Owing to the fact that warehouses and elevators in all the important distributing centers are regulated by law or by the rules of the local board of trade, or both, it is possible to collect data periodically as to the holdings of grain. These statistics are published regularly in the form of visible supply tables. The United States Government Crop Reporter publishes such tables for this country and foreign markets. Many of the exchanges collect and publish full tables of this kind, and Bradstreet's Mercantile Agency issues weekly a comprehensive table for various kinds of grain and for approximately seventy cities. Such tables not only enable prospective purchasers to know just where they may look for marketable grain, but also makes it possible for dealers to judge the amount of available grain in the market throughout the country; and, when viewed in connection with similar statistics of former years will serve as a guide in fixing the price, and by doing this exert an effect-

tive influence in regulating the consumption of the crop. If the visible supply, considered in connection with the known stocks of grain still in the farmers' hands, is unusually low as compared with the same supply a year ago, it is likely under normal conditions, that the price will be bid up and consumption decrease, and if unusually high it may be expected that prices will decline and consumption increase. In this way the movement of prices will indirectly benefit the community by regulating consumption so that each year's crop, whether large or small, just happens to meet the needs of the consuming world.

X (4) IT SERVES TO LEVEL PRICES BETWEEN DIFFERENT MARKETS. Reference is had here to the practice of "arbitraging" between markets. Arbitraging may be defined as the making of two transactions, one a purchase and the other a sale, in different markets or in the same market between two different subjects of trade, at about the same time with a view to shaving a profit because the price in the one market, or the one subject of trade, is lower than in the other. It is apparent that this practice is made possible only by the quick transmission of quotations from one exchange to another and the existence of continuous markets so large that the purchase in the one market and the sale in the other can be immediately executed. Promptness in knowing and acting is the essence of an arbitrage transaction, and the writer has been told of instances where just a few seconds sufficed to make two deals on separate exchanges located in different cities. It should be added that arbitraging also depends upon the existence of the short sale. X

Several methods of arbitraging can be used in the produce market. In the first place, if the arbitrageur knows that wheat is selling lower in Minneapolis than Chicago by an amount greater than he thinks ought to be the case, in view of transportation and other charges, he can use the low market for making an actual purchase of wheat, and at the same time use the high market to sell short an equal amount for future delivery during some convenient month. He may then transport the wheat from the low market to the high market and deliver the same in fulfilment of his short sale. No speculative risk is apparent in this deal. Just as soon as the purchase and sale were executed, and both were made at a definite price, the arbitrageur knows his profit, assuming that he knows the cost of conveying and delivering the actual grain, and

that this cost together with his expenses is less than the difference between the two prices at which he made his transactions. Again, it may happen that at a given time the quotations for wheat on the Minneapolis Chamber of Commerce and the Chicago Board of Trade may be "out of line," i. e. the difference between the two prices may be an unnatural one in view of the cost of transportation and handling which must be taken into account in moving grain from the one city to the other. In that case the arbitrageur, feeling sure that this unnatural difference must soon right itself, may buy a future in the low market, selling the same amount short for future delivery in the high market. Then, *if the two prices come together*, he can close out both of these transactions, and net as a profit the amount represented by the extent that the two prices have come together minus, of course, all expenses. Both transactions in the two markets were, in this case, purely speculative, and no grain was actually transported and delivered. Unlike the first case, the arbitrageur in this instance assumed a speculative risk because, if the prices had not come together or had widened still further, he would have suffered a loss. Moreover, the arbitrageur's opinion may have no reference whatever to the mere highness or lowness of the price; instead it is concerned with the difference between the two prices, irrespective of the general price level, because this may move up and down in the two markets without causing him a loss, provided the difference between the two prices does not widen.

A brief illustration may make this method of arbitraging clearer. Thus let us assume that on a given day in June the price of September wheat on the Minneapolis Chamber of Commerce is \$1.00 per bushel, and the price on the Chicago Board of Trade for the same wheat is \$1.04, and that an arbitrageur considers this difference of four cents too large and anticipates a coming together of the two prices. Accordingly he buys on a future contract in Minneapolis and sells short in Chicago at the prices indicated. Let us now suppose that in the course of a week the Minneapolis price rises to \$1.04 and the Chicago price to \$1.07½, and that the arbitrageur closes his transactions at these prices. By closing out his purchase in Minneapolis by a sale at \$1.04 he makes 4 cents; and by covering his short sale at Chicago by a purchase at \$1.07½ he loses 3½ cents, thus clearing a gross profit of ½ cent, ignoring

expenses, or an amount measured by the extent that the two prices came together. No matter what the fluctuations in the general price level of the two markets may be he will realize a profit from his transactions, provided the original difference of 4 cents between the prices is diminished.

In a manner similar to that just explained a person may arbitrage between two monthly delivery periods, such as September wheat and October wheat, by buying the low and selling the high, and reaping a profit depending again upon the extent that the two prices come together. The same practice may also be extended to two different grades of the same kind of grain, or to two different kinds of grain closely related to each other in so far as their use is concerned, if any unnatural difference in the prices is detected. Of course these arbitrageurs are after a profit, the "eights," which they seek to "shave" out of such deals. They serve, however, to bring the markets to a common level. Their very action—purchasing in the low market and selling in the high market—will itself tend to raise the one and lower the other, until the point is reached where the difference in the price prevailing in the two markets will again reflect the real commercial difference, representing cost of transportation, etc., between the two markets, that should really exist. Through their constant watchfulness all leading markets are kept "in line" with one another. Grain, like water, will seek its level. It will move from the center where it is plentiful to where it is not plentiful. Instead of chaos we are given a harmonious relationship between different markets between grades, between the several monthly delivery periods, and even between different kinds of grain.

X. HEDGING

It has already been explained that large produce exchanges give to producers and middlemen the benefits of insurance, (1) in furnishing a continuous market at all times where holders of grain or produce may immediately convert the same into cash, and (2) by enabling manufacturers to protect their trade profits by contracting for the future delivery of produce at definite prices. But of equal or even greater importance to the business community than the buying of produce for actual delivery at some desired future time is the common practice, adopted by all leading interests

in the grain, cotton and in provision markets, of "hedging" against loss through fluctuations in prices. This important function of organized exchanges, it should again be remembered, is made possible only through the existence, on the one hand, of the "future" contract and "short selling," and, on the other, of a speculative class operating in a large continuous market.

X Hedging may be defined as the practice of making two contracts at about the same time of an opposite, though corresponding nature, the one in the *trade* market, and the other in the *speculative* market. A purchase in the actual grain market of a certain amount of grain at a certain price is promptly offset by a short sale in the speculative market on some large exchange of the same amount of grain for some convenient future month's delivery, with a view to cancelling any losses that might result from fluctuations in price. As soon, however, as the *trade* transaction is terminated by a sale, the speculative short sale must also be terminated, i. e. covered, by a purchase on the exchange. Both contracts are entered into at about the same time, and both must be terminated at about the same time if the hedger wishes to avoid speculation.

In explaining this process of hedging let us consider the needs of a grain dealer, who, for example, purchases 100,000 bushels of wheat in August at \$1.00 a bushel; and who, as is a customary practice, has made this purchase with borrowed funds to the extent of 90 per cent of the purchase price, the banker holding the grain paper as collateral for the loan. The banker is protected because he knows that at any time he can, owing to the existence of a large continuous market, sell out the buyer. But what shall we say of the grain dealer's risk? Is he not running a tremendous risk by buying so much wheat on a 10 per cent margin when in the course of a week or two, owing to world wide conditions over which he has no control, wheat may decline from 10 to 20 cents per bushel? If there were not some way in which he can insure himself against such a contingency it would be doubtful if our large elevator companies could remain in business for any length of time, especially with their trade profit, under present competitive conditions, limited to one or two cents per bushel. In fact the leading interests in the grain business have testified before Government Committees that hedging is absolutely necessary to enable them to continue in business, and here it may be repeated that a

hedging operation cannot be conducted without executing a short sale.

Now just as soon as this grain dealer purchases the wheat in the actual wheat market he at once gives an order to sell short on some exchange an equal amount in the speculative market for, let us say, September delivery. These two transactions are entirely distinct. The grain dealer does not intend to deliver the wheat he actually holds in fulfilment of this short sale. Now let us suppose that wheat rises to \$1.10 per bushel. In that case he has a profit of 10 cents per bushel on the wheat he owns, since he purchased it at \$1.00. But, as we have seen, the price of wheat is a world price made such by the operation of arbitrageurs, and there is every reason to believe that if the price of cash wheat rises 10 cents a bushel the September option will also have a rise of 10 cents, or approximately that amount. Since the grain dealer sold short an equal amount in the speculative market he suffers a loss on that transaction of 10 cents per bushel. The profit on his *trade* transaction is cancelled by his loss on the paper transaction. On the other hand, supposing that wheat declines 10 cents per bushel, the grain dealer loses 10 cents upon his trade wheat, but the 10 cents lost here will be cancelled by the 10 cent rise on the short transaction. In other words whether wheat should rise to \$2.00 per bushel or decline to 50 cents a bushel, this dealer is always even as regards the given market. Whatever he makes by price fluctuations on the wheat he holds is lost on his paper transaction and vice versa. If, when September arrives, he finds that circumstances are such as to make it necessary or desirable to hold his wheat longer, he may close out his September short sale in the speculative market and at once enter into another sale for a later month. This shifting of hedging transactions from one month to another month is a very common practice, although where the party interested is not the holder of a seat on the exchange, it involves accumulating commission charges.

The question will at once be asked, since the dealer is always even, how does he make his profit? Here we must distinguish clearly between the *trade profit* and the *speculative profit*. This grain dealer wishes to avoid speculative risks and therefore makes use of the speculative market for the purpose of hedging. His business consists in conveying his wheat, let us say, from Chicago

to New York, and it is in the handling and the transportation of the grain from this market to another market that he expects to make a *trade profit*, which is the result of his knowledge of the business and his ability to render this particular service in competition with other dealers. If we consult the financial page of our newspaper, it will be noticed for example that while September wheat is selling in Chicago on a given day at $98\frac{1}{4}$ cents per bushel the same wheat is selling in New York at $\$1.04\frac{1}{4}$ or at a difference of 6 cents a bushel. In all of the leading cities of the country, as already noticed, grain quotations on the same day will differ. But let us see what this difference of 6 cents includes. It will include, of course, transportation from Chicago to New York, cost of handling, etc., but among all the other items represented by this difference is the *profit* which those in the grain shipping business expect to make. They are in business to make this legitimate profit and it is reflected in the difference between the price in New York and the price prevailing at any leading distributing centers of the interior.

Now let us assume that wheat, which in Chicago was selling at $98\frac{1}{4}$ cents and in New York at $\$1.04\frac{1}{4}$, declines 20 cents in Chicago, or to $78\frac{1}{4}$ cents. As regards the wheat in Chicago we have seen that the holder cannot lose because he has hedged. Now other things being equal, the price of grain all over the country goes up and down together, fluctuations on the Chicago Board of Trade for example being reflected in the New York market in the course of a few minutes. In other words a 20 cent decline in Chicago will be reflected in New York, and if wheat in Chicago drops to $78\frac{1}{4}$ cents, the price in New York, under normal conditions, and in view of our illustration, will be $84\frac{1}{4}$ cents. Yet there is still the difference of 6 cents between the Chicago and New York quotations, and this difference still includes the trade profit. In other words the grain dealer by hedging has absolutely protected himself against speculative fluctuations, and, on the other hand, since the margin of difference between the quotations in different cities remains about the same he is still assured of his trade profit.

The explanation given here will apply differently in different industries to meet the needs of those who wish to use the exchange for hedging purposes. Thus if a manufacturer wishes to buy cotton from a commission man before the cotton crop has matured, this dealer, although he may not own the cotton, may nevertheless sell

1,000 bales of cotton short for December delivery at, let us say, $11\frac{1}{2}$ cents. He probably charged $11\frac{1}{2}$ cents because he knew that he could at once order his broker to buy 1,000 bales of cotton on the exchange at 11 cents a pound. He has thus added $\frac{1}{2}$ cent to the price as covering all necessary expenses and his *trade profit*. In this case it will be noticed that the hedging operation is the reverse of our previous illustration, the speculative transaction being a purchase and the trade transaction a short sale. Now when the time comes for the dealer to deliver this cotton the price, owing to a severe drought, may have risen to 16 cents per pound. When the time for delivery arrives he will go into the actual cotton market and buy 1,000 bales at 16 cents per pound, and, having sold it at $11\frac{1}{2}$ cents per pound, he is out $4\frac{1}{2}$ cents. But at the time when he buys the cotton in the real market for delivery he orders his broker to close his transaction on the exchange by a sale of the 1,000 bales. Having bought on the exchange at 11 cents he now asks his broker to sell at 16 cents, and has a profit of 5 cents per pound. Having lost $4\frac{1}{2}$ cents on the one transaction and made 5 cents on the other he has his one-half cent profit. It should be stated again that whenever the dealer closes his transaction in the actual market he must at once also close the corresponding transaction in the speculative market.

In the same way a manufacturer may be the holder of a large stock of finished cotton goods, or a miller of flour. He is unable to sell the goods and fears a decline in price. Possibly a large decline would compel him to sacrifice the greater part of his stock. Other things being equal, however, the price of the finished goods and the raw material out of which they are manufactured, will rise and fall together. In that case the manufacturer may hedge by holding the finished cloth or flour and selling short that amount of cotton or wheat which is necessary to make the goods he holds. Consequently if he loses on his finished goods because the price goes down, he will make about the equivalent amount on his short sale because cotton or wheat will also decline. Having sold short he will reap a profit on this sale, available at any time because of the existence of a continuous market.

Even the farmers, who as a class, are usually loudest in their complaints of the operation of the exchanges, are among the greatest gainers through the practice of hedging. As Mr. C. L.

Griesemer recently pointed out in an article on "Scientific Hedging": "Where the farmer wants to sell his crop all at once believing the present prices are too good to let get away from him, but has the grain all on his farm and asks for thirty days delivery or more, and the dealer who has been getting his business refuses to take it, unwilling to run the risk not knowing how to eliminate it, his competitor does, and by hedging shifts the risk to the speculator, assuring himself of the working profit which he is legitimately entitled to. Then again where a farmer is bullish, which seems to be a habit with most of them, he will haul it in early in the season and store it, sometimes paying storage but many times not. In some localities the man that refuses to store does not get very much grain to handle and the one that does would have something pretty large in the way of an elevator if he expected to hold all the grain and keep running. Instead of putting up a big structure that would never pay for itself, he keeps shipping that grain to market and as fast as it is sold protects himself and the farmers by taking on hedges. In this way he eliminates the shrinkage caused by drying and vermin and insurance and so forth that would result in case he kept the grain himself.

"Even so, some one will say, even when hedged a spread is liable to wipe out your profit. That is true, but then in how many kinds of business is every deal absolutely sure to make a profit. The thing to do is to find the method that will be the most likely to show up a credit rather than a debit. If all the dealers could influence their customers to make business conditions perfect, hedging would not be necessary, but every business man has to deal with nature which although it has been working toward perfection, is still some distance from the end of this process of evolution."

Were it not possible for large elevator companies and exporters to hedge their holdings of grain the farmer would be unable to dump his large crops, as at present, on the market within the three months of the crop moving season and receive cash therefor. No class of middlemen could be induced to take a year's harvest within so short a time and hold it for gradual distribution during the balance of the year; and if any cared to be such reckless gamblers it is doubtful if bankers would care to finance their operations. Without the hedging privilege elevator owners and grain dealers would be obliged to discount the enormous risk assumed in buying

large quantities of grain, and, to be on the safe side, would have to make allowance for the worst contingency anticipated by offering the farmer a much smaller price for his grain than is now given. It is generally maintained by the leading interests in the market that without the hedging privilege farmers would get an average price at least 10 per cent less than that prevailing to-day. X

In insurance it is a well recognized principle that the substitution of *certainly* for *uncertainty* reduces the cost of practically all commodities by diminishing that part of the cost of production which producers and distributors must necessarily set aside as a fund for protection against risk; and just as the assumption of the fire hazard by large insurance companies can be shown to benefit both producer and consumer, so in the grain and cotton business the assumption of the risk of loss through price fluctuations by a group of speculators can be shown to benefit both producer and consumer. The producer of grain is given the highest price since he is not compelled to protect the buyer against the risk of loss through a decline in price while the buyer is compelled to hold the grain; and the consumer, likewise, and for the same reason, is given the lowest price. By throwing the burden of risk on the shoulders of a speculative class, grain dealers are assured a fair and legitimate trade profit, and, be it said, that in no class of commodities, known to the writer, is the margin of difference (for the middle-men) between the producer's price and the consumer's price so small as in those which are extensively dealt in on our large competitive exchange markets. Even the banker is vitally concerned in the additional safeguard which hedging gives to his loans on grain collateral. As pointed out in the recent report of the Commissioner of Corporations on "Cotton Exchanges": "This opportunity for hedging is, indeed, regarded by practically all cotton merchants as almost an absolute necessity in modern methods of conducting business. An idea of the value of the hedging function may be obtained when it is stated that in Great Britain banks very generally refuse to loan money on cotton which is not hedged. Moreover, it is almost universally conceded that, since the introduction of hedging, failures in the cotton trade, which had previously been frequent, have been materially reduced as the direct result of the greater stability with which transactions in spot cotton can be conducted." X

Mr. David R. Forgan, president of the National City Bank of Chicago, recently made the statement that: "Warehouse receipts for grain, or anything else that finally becomes human food are, in my opinion, the best possible collateral for bank loans. I have seen the time more than once when high class stocks and bonds, and even government bonds, could not be readily sold, but I have never seen the time, nor do I ever expect to see it, when anything that has to be eaten could not be sold. The warehouse receipts therefore, above alluded to, constitute a collateral which is always available for the payment of debts. Furthermore, if the grain or provisions represented by warehouse receipts are already sold for future delivery, that fact adds a great element of strength to the loan, because there is a third party obligated to take the grain at a certain time for a given price. When I lived in Minneapolis I had the only unpleasant experience I have ever had in connection with the elevator business. A terminal elevator concern filled its elevators with wheat, and thinking that the market was likely to go up they did not 'hedge' it by selling for future delivery. In other words, they speculated on their wheat. The market, however, had a large and sudden drop, with the result that the elevator concern failed, and the bank with which I was connected made a loss. The present method, therefore, of carriers of grain or provisions selling them for future delivery is a highly satisfactory one to the banks whose money is loaned to the carriers. The sale for future delivery is the final link in the chain that makes such loans the best in the world."

x In its essence, therefore, hedging is insurance against a real and ever-present hazard in business. Each leading produce exchange, such as the Chicago Board of Trade or the Minneapolis Chamber of Commerce, renders in this respect a function as legitimate and useful as our life and fire insurance companies; in fact they should be regarded as among the greatest insurance institutions in existence. Here a type of risk is underwritten so dangerous that no private insurance company has ever ventured to underwrite the same. For a holder of large amounts of grain and cotton not to enter the speculative market for hedging purposes is to be a speculator of the worst kind, yes a gambler. The risk of losing the customary small trade profit, and many times more than this, must be apparent when we reflect that each year's crop

is financed to 90 per cent of its value on borrowed funds, and that values often change within a week or two by many times the trade profit expected. The hazard is a dangerous one, and the chance of a heavy loss ratio many times greater than that connected with any other known form of insurance.

Legislators, who each year so glibly introduce bills to prohibit short selling, and express themselves so eloquently against the evils of speculation, should bear in mind that the practice of hedging, for the reason mentioned, is now almost universal in the grain and cotton trade. Evils exist to be sure, and many complaints are even heard from hedgers themselves about the faulty character of the type of contract used on certain exchanges. Thousands of innocent "lambs," also, are shorn each year for participating in a business about which they are woefully ignorant and which they are best qualified to leave entirely alone. These facts are to be regretted, and it is hoped will be remedied or diminished in time. A close examination, however, will show that these evils are either local in character and may be changed, or are unnecessary accompaniments to the operation of our organized markets as now constituted. They do not detract from the great functions of exchanges, and do not justify anything more than reform.

When denouncing speculation, short selling and exchanges in general, let us bear in mind that dealers and exporters hedge nearly all their sales, and that manufacturers, likewise, do so extensively. Over 90 per cent of the grain in the large western centers is thus protected on the exchanges of Chicago, Kansas City, Minneapolis, and St. Louis. Fully 90 per cent of the cotton shipped to Liverpool is hedged there or in New York and New Orleans. Nothing is so common as to see references made to the fact that on the Chicago Board of Trade the entire wheat crop of the country is sold several times over in a single year, and that most of the transactions must therefore be fictitious since they do not involve the actual delivery of the grain. But this large volume of transactions need cause no surprise when we reflect that the same grain in passing from the farmer to the commission man, the elevator owner, exporter, and finally the miller, is sold against by each one of these interests. Many illustrations may be cited where the same grain, in passing from the farmer to the consumer, is hedged a half dozen times, and each hedging transaction involves

two deals, first a sale, and later a purchase. The volume of dealing on the Chicago Board of Trade is further increased by the common practice of transferring hedges from one month's delivery period to another when convenience makes this desirable, and each such transfer involves another sale, and later, when covered, a purchase. Then, too, the Chicago market, because of its size, is used extensively for hedging purposes by all the leading grain centers of Europe, and, it is said, even of Argentina.

XI. PRIVILEGES

X "Privileges" afford another means of insurance, though of less importance in this respect than hedging. A "privilege" may be defined as a contract which gives the purchaser of the same the privilege of compelling the seller of the contract to deliver or to receive, as the case may be, a certain amount of produce at a certain price and within a definitely prescribed time. Frequently such contracts are known as "options." They are to be distinguished from "futures" in so far that the terms of the future contract must be complied with before the expiration of the last day of the month in which delivery is specified; while in the case of a privilege the purchaser of the same may exercise his discretion as to whether he wishes the contract to be fulfilled, i. e., under certain circumstances the buyer of a privilege may find it convenient to permit his option to lapse, whereas, under other circumstances he may find it advantageous to enforce the agreement against the seller.

Several forms of privileges exist, but only two need special mention, viz.: the "put" and the "call." The "put" gives the purchaser the right, in consideration of the premium paid, to make the seller of the same take from him a certain amount of produce at a certain price and within a stipulated time, provided he wishes to exercise this right. A "call," on the other hand, is just the reverse of the "put" and gives the purchaser of the same, in consideration of a premium paid, the privilege of compelling the seller to deliver to him within a definitely prescribed time a certain amount of produce at a stipulated price, provided he finds it advantageous to exercise this right. Occasionally, a third form of privilege is used, viz: the "straddle," which is simply a combination of the "put" and the "call" and which gives the buyer of the same the right to

make the seller either deliver to him, or take from him a certain amount of produce at a certain price and within a given time.

The "put" and the "call," it is clear, can be used to great advantage as a means of limiting losses. In actual practice, however, such agreements have been greatly abused, and have been used largely for betting purposes by those who have really no occasion to employ the same. Because of this fact some of the exchanges, and a considerable number of states have prohibited the use of such agreements. Test votes, however, among the members of some of the exchanges where such agreements are prohibited by state statute, show that their re-establishment in those markets is desired. In many instances where the law will not permit their use, members of the exchange frequently purchase the same by wire in another city. Thus Milwaukee is known as a market for such agreements, while in the New York stock market, most of the business in privileges is done in London, which is known as the greatest market for such agreements in the world.

The application of privileges to business transactions will be briefly described. The "put" may be used advantageously by speculators who own produce or securities which they are holding for a rise and which they wish to protect against a decline in price. Thus assuming wheat to be selling at \$1.00 per bushel, the holder of such wheat might purchase a "put," according to which the seller, in consideration of a premium of \$10.00 binds himself to take from the buyer within one month 10,000 bushels at, say, 97 cents per bushel. The terms of this agreement will vary according to the conditions prevailing in the market. Ordinarily the premium remains a constant, but the time during which the seller of the "put" is willing to take the grain and the price which he binds himself to pay for the same will be changed to meet market conditions. The price stipulated in the "put" is always below the market price, thus giving the seller a margin of safety. In the above illustration the price agreed on was 97 cents while wheat was selling at \$1.00 per bushel; hence the seller of the "put" knows that the buyer will have no inducement to exercise his privilege until wheat declines below 97 cents. If the price reaches a point lower than that agreed upon in the "put" the buyer, of course, will find it profitable to make the seller take the same. It is here that the "put" lends itself to betting purposes, because a speculator, although holding no grain,

may purchase this "put" anticipating a decline in the market. His loss is definitely limited, while if the decline in price should be extensive, he can enter the market and purchase the 10,000 bushels at the lower price and compel the seller of the put to take the same at the agreed higher price. Of course sellers of "puts" will use their best judgment in making the conditions of the agreement such as to net them a profit in the long run. The conditions stipulated in the "put" will depend upon the nature of the market, i. e., whether it is dull or wild, the nature of the produce under consideration, and the length of time during which the agreement runs. It is apparent that larger fluctuations will occur in a period of one month than within a period of one week, and that such fluctuations will also be greater during periods of great speculative excitement than during a dull season.

X "Calls" should be serviceable chiefly to the short seller who, as we have seen, is an absolutely essential factor in the market, and who sells something which he does not own. Thus, if 10,000 bushels of wheat ^{of the call} is sold short at \$1.00 per bushel, the short seller might purchase a "call" according to which the seller ^{of the wheat} in consideration of a premium of \$10.00, will give the seller ^{the seller J.} the right to make him deliver to the buyer 10,000 bushels of wheat within one month at \$1.03 per bushel. In this case the buyer of the "call" will not exercise the same unless wheat should rise higher than \$1.03. If this should happen he will limit his loss by exercising the call and receive the 10,000 bushels at the price of \$1.03. The seller of the call, it will be observed, has again fortified himself with a margin of 3 cents per bushel, i. e., the price at which he has agreed to deliver wheat is placed somewhat higher than the current market price. Of course, the seller of this call, as also the seller of the put, depend upon the continuous market for the operation of their business. If called upon to deliver the wheat the seller of the call may go into the market and buy the same, whereas if the seller of the put is made to take the wheat he, in turn, may at once go into the market and sell the same.

A sufficient explanation of the put and the call has been given to show that both may, under proper conditions, be used as a means of limiting losses. In the case of the put just described the purchaser has limited his loss to 3 cents per bushel or \$300.00 plus the premium of \$10.00. Similarly, in the case of the call just described

the purchaser cannot lose more than \$310.00, assuming the financial solvency of the seller. Should the price movement, however, result favorably to the purchaser of the put or the call, he may allow his profits to run, refusing to exercise his "privilege." In that case his loss in purchasing the privilege is limited to the premium paid. It should also be stated here that speculators frequently use the so-called "stop loss" order, another method of limiting losses, according to which an order is placed with a broker somewhat below or above the market, as the case may be, with instructions that if the price should reach the "stop loss" limit the order should be executed.

METHODS OF MARKETING THE GRAIN CROP

BY SIEBEL HARRIS,
Duluth, Minn.

One of the most important and interesting branches of commercial activity in this country of great wealth and natural resources is that engaged in the marketing of the nation's grain crop, a task which each year taxes the country's financial resources. The effect of this annual movement upon the currency of the country is in itself a sufficiently complicated and important problem to merit extensive discussion. The volume of the exports of grain from this country to Europe, is still an important item in the make-up of our international balance sheet. Recognizing that this subject is too extensive to be included within the limitations of a single article, it is the purpose of this paper to deal only with the actual handling of the crop from its origin until it reaches its ultimate destination. Such a discussion must treat the conduct of the different divisions of the grain business, showing the function which each performs in the work of transporting the crop to the place where it is needed.

I. The Exchanges

Inseparably linked with the conduct of the grain business, and forming the basis on which its success rests, are the grain exchanges or boards of trade, which exist in all the large markets of the country. These are so essential to the modern methods of marketing the crops that a knowledge of their organization and functions is necessary for a proper understanding of the grain business. We shall, therefore, first give a brief description of the work of the exchanges, and follow this with a discussion of the actual work of marketing the crop. As the Chicago Board of Trade is one of the oldest and the most important of the country's exchanges, and forms the basis for the organization of most of the others, a study of its rules will give a clear understanding of the conduct of these institutions.

The objects of the Board of Trade as stated in its rules are:
"To maintain a Commercial Exchange; to promote uniformity in

the customs and usages of merchants; to inculcate principles of justice and equity in trade; to facilitate the speedy adjustment of business disputes; to acquire and to disseminate valuable commercial and economic information; and generally to secure to its members the benefits of co-operation in the furtherance of their legitimate business pursuits."

It is evident that the primary object for which the Exchange exists is to form a great market where buyers and sellers can come together and transact business. It should be borne in mind that the Exchange itself does not in any way deal in commodities, but confines its work to fixing and enforcing the rules governing buyers and sellers. The establishment of rules to promote uniformity of customs and usages is a very important function of the Exchange. The grain business is one which involves the transfer of money upon oral contracts, and it is essential that there should be uniform customs in regard to the performance of such contracts, in order to prevent confusion and possible fraud. Contracts for purchases and sales of grain are made orally upon the Exchange by members, and recorded upon trading cards, which show the name of the person with whom the transaction is made, the amount of grain bought or sold, the grade to be delivered, the month of delivery, and the price. No evidence of the contract is exchanged between the buyer and seller at the time of the sale. At the close of business each member has upon his trading card a record of the transactions which he made during the course of the day. Although there is no evidence of the contract exchanged between the parties at the time it is made, the Chicago Board of Trade rules provide for the written confirmation of purchases and sales at the close of the day's trading. Each party to a transaction for future delivery is required to send to the Clearing House a memorandum containing the date of the transaction, the amount and kind of grain, the month of delivery, the price, and the name of the person with whom the deal was made. The Clearing House distributes these to the other parties to the transactions, by whom they are held as confirmations of the trades made. By this method the Exchange secures a uniform system of making contracts without the formality and delay which would attend the exchange of written contracts at the time of the sale.

Among the other rules governing the making of contracts, is the

prohibition of all trading outside of hours, under penalty of suspension. The object of this rule is to confine all trading which may tend to the maintenance of a public market within the hours specified. The rules also prohibit the making of contracts in which any money consideration is added to or deducted from the contract price. The purpose of this prohibition is to prevent the creation of a fictitious price. It is similar in its intent to the ban which is placed upon "washed" sales by the stock exchanges.

After a transaction has been made, all contracts for future delivery become subject to the rule regulating margins. This is an important factor in all future contracts. The margin rule provides that at the time the transaction is made the purchaser may demand from the seller, as security for the performance of the contract, a ten per cent margin, based on the contract price, and additional security from time to time to the extent of any advance over such contract price. The seller may require a ten per cent margin from the purchaser at the time of sale, and additional security to the extent of any decline below the contract price. For example: A sells to B 10,000 bushels of May wheat at \$1.00 per bushel, or \$10,000. At this point B, the purchaser, may demand from A, the seller, a deposit of 10 per cent of the contract price, or \$1,000, as marginal security. At the same time, A, the seller, may demand an equal margin from B. Now, suppose that the market price of May wheat advances to \$1.02 per bushel. B, the purchaser, according to the rule, may demand an additional margin of 2 cents per bushel, or \$200 from A. On the other hand, suppose that the price of May wheat drops to 97 cents per bushel. A, the seller, may then demand an additional margin of 3 cents per bushel or \$300 from B.

These margin deposits must be made in certain designated depositories. In Chicago they may be made either with the treasurer of the Exchange Clearing House or in banks which have been named as depositories by the directors of the Board of Trade. Before a bank is accepted as an authorized depository it is required that at least one of its chief executive officers shall be a member of the Exchange, and so answerable to its rules in matters under dispute concerning deposits. When a margin call is made, the sum called for must be deposited within the next banking hour. If this is not done the person making the call may repurchase or resell, as the case may be, and charge the difference between the

contract price and the price at which the property is repurchased or resold as the measure of damages. In the case given above where the price rose to \$1.02 per bushel, and B demanded a deposit of \$200, if A had neglected to make such deposit, B might have gone upon the Exchange and repurchased the property at \$1.02 per bushel, charging against A, as the measure of damages, the difference between the contract price, \$10,000, and the repurchasing price, \$10,200, or \$200. In this way B's profit is protected.

When margin deposits are accepted by a bank a receipt is given the depositor, stating the name of the depository bank, the date, the name of the depositor, the amount of the deposit, and the name of the party in whose favor it is made. If the difference between the contract price and the market price narrows, the depositor may demand the return of a ratable proportion of his deposit. To continue the case given above, if the price subsequently declined to \$1.01 per bushel, A might demand the return of \$100 of his margin deposit.

The actual practice of calling cash margins in grain transactions, as in the case of margin calls on stocks, depends largely upon the financial responsibility of the parties. In many trades between members, where each is perfectly confident of the other's financial stability, the calling of margins is unnecessary, and is often disregarded. The contract is allowed to run with very little attention paid to this matter. On the other hand, where the parties to the deal are not so responsible, margins are frequently called; and in the event of violent fluctuations in prices, may result in financial difficulties for the concern which is called upon to make the deposits. When a member of the Exchange makes contracts for the account of an outside party it is customary to call upon the latter for the initial deposit of ten per cent and require him to keep this deposit good. The calling of margins does not depend upon any set rule, but is determined by the parties to each individual transaction.

The fulfilment of all contracts, or delivery upon contracts, as it is called, is made by the tender of regular warehouse receipts for grain, unless otherwise expressly provided for. The receipt states the name of the elevator company issuing it, the date of issue, the kind and amount of grain, and the name of the owner. All the receipts issued by an elevator must be consecutively numbered in

order to avoid confusion. The receipts are negotiable and pass by endorsement. Upon presentation of the receipt, properly endorsed, to the elevator company the grain will be delivered. Only receipts issued by warehouses which have been declared "regular" by the directors of the Exchange are valid deliveries upon contracts. In order to be declared regular an elevator must be easily approachable by vessels, have customary shipping facilities, uniform storage rates, and the proprietors must be in good financial standing. Although the rules require that delivery be made by warehouse receipts, the actual receipts are not passed from hand to hand by endorsement. This necessity is obviated by allowing the seller to issue a Delivery Notice, in which he notifies the buyer of his readiness to deliver certain warehouse receipts in fulfilment of his contract. This notice is passed from seller to buyer by endorsement, and constitutes a valid tender upon contracts.

The previous description is intended to give an understanding of the principal functions of the Exchange, the methods by which contracts are made, the practice of giving margins, and the manner in which delivery is made upon contracts. After this preliminary explanation of the manner in which transactions are made, it is now possible to examine the different divisions of the grain business with the purpose of analyzing the functions performed by each in the marketing of the crop.

II. Country Elevators

The first division of grain marketing concerns consists of those whose operations center in the country, with close affiliations in the primary markets. It is their function to secure control of the grain in the country, supervise its transportation to the primary markets, and dispose of it there. There are three kinds of concerns which secure control of the grain from the farmer at country points, viz., the Line Elevator Company, the Farmers' Elevator Company, and the independent dealers. The methods by which these concerns carry on operations vary somewhat, but the business of all three is similar, in that it consists of the purchase of grain from the farmer, the storage of the grain in the country elevator, and shipment to the primary market.

The Line Elevator Company has its headquarters in the primary market and operates a large number of country elevators along

some line or lines of railroad. At each one of these country elevators grain is purchased from the farmers, and cash paid for it. The grain is taken into the elevator and held there temporarily. As it accumulates it is loaded into cars and shipped to the primary market. Some of these Line companies operate elevators through Minnesota, North Dakota, and South Dakota. The grain is shipped either to Minneapolis or Duluth, depending upon the freight rate to those cities from the country point.

In figuring the country price, the elevator company deducts from the primary market price the cost of freight plus 3 cents for wheat, freight plus 5 or 6 cents for flax, and freight plus $1\frac{1}{2}$ to $2\frac{1}{2}$ cents for coarse grains, such as corn and oats. These figures may vary somewhat, but are sufficiently accurate for most purposes. The difference in the margin which the company allows itself on different grains is due to the degree of risk assumed. The chance of loss in handling flax for example, through fluctuations in price, or deterioration in quality, is greater than that of other grains, hence a margin of 5 or 6 cents per bushel is allowed. As an example of the way in which the country price is fixed, let us take a town in Minnesota with the freight rate to Minneapolis 5 cents per bushel, and the margin of the elevator company for handling wheat 3 cents per bushel. The country price will be 8 cents less than the price in Minneapolis.

In determining the grade of the wheat in the country for which the farmer is paid, individual judgment is an important factor. Owing to the competition for grain at country points, there is a tendency for the buyer to allow as high a grade as possible on it, in order to secure it from the farmer. For this reason the farmer gets the full benefit of proper grading; in fact, it is the testimony of men in the Line elevator business, that grain seldom grades higher in the primary market than in the country, but more often the grade is lower.

The Line Elevator Company sends out by mail daily to its country elevators lists of prices to be paid for all grades of wheat, flax, barley, oats and other grains. If there are sudden fluctuations in the market, say of $1\frac{1}{2}$ or 2 cents per bushel, the Line Company wires price changes to conform with the new primary market prices. In either case the price given to the country houses holds good until the agents are notified of changes.

The methods used by the Line Elevator companies in fixing country prices are substantially identical with those of its competitors in the country, so in dealing with the latter these explanations need not be repeated. In every case, the method pursued is to pay such a price in the country that, after adding freight and other costs, the grain may be sold in the primary market with a fair profit. The disposition of the grain when it reaches the primary market will be explained later.

The competitors of the Line Elevator Company in the country are the Farmers' Elevator Company and the independent dealer. The Farmers' Elevator Company is an association of farmers which owns and operates a country elevator. Its business consists in purchasing grain from the farmers, storing it, and shipping it to the primary markets like the Line Elevator Company. The disposition of the grain in the primary market differs somewhat, as the Line Company handles this itself, while the Farmers' Elevator Company employs a commission man. The apparent advantage of the Farmers' Elevator Company over the Line Company consists in its ability to get control of the grain in the country. Naturally, the farmers who hold stock in the company will sell their grain to it in preference to the Line Company, inasmuch as the profits of the concern depend upon the amount of grain handled, and they, as stockholders, are participants in the profits. At one country station there may be four or five Line elevators owned by different companies, and one Farmers' elevator, owned by the farmers of that vicinity. The Farmers' elevator will probably secure from a half to a third of the grain shipped from that station, due to the advantage just explained. Its cost of operation will be very little more than that of each Line elevator. It is apparent therefore, that the Farmers' elevator, handling a much larger quantity of grain at approximately the same expense, does business at a considerably lower cost per bushel than the Line Company. As the country builds up and the farmers become more prosperous there is a tendency for them to supply the capital for country elevators and handle their own grain in this way. It is the opinion of many men in the grain business that the Line Elevator Company is a pioneer institution, fitted only for a new country where capital is scarce, and unable to withstand the competition of the Farmers' Elevator Company.

In reply to a communication upon this subject, Mr. L. H. Squire, president of the North Dakota branch of the American Society of Equity, an organization whose purpose is to secure profitable prices for farm products, writes as follows:

The Farmers' elevators in the past few years have been rapidly increasing, so much so that every county and most towns of any size (in North Dakota) have one. The Society of Equity is making one of its principal objects that of incorporating Equity elevators throughout the state, that the farmers may handle their grain at home. . . . At this very moment (February, 1911) we have perhaps in the neighborhood of twenty-five over the state which are being organized. We predict that in a few years all the grain from this state will be handled through the institutions which are owned and controlled by the farmers exclusively.

A strong confirmation of this view is contained in a letter from Mr. Henry Feig, Supervising Inspector of Country Elevators for the State of Minnesota, who writes:

"There has been a very perceptible increase in the number of Farmers' elevators in this state (Minnesota) during the last five years, and a correspondingly large decrease in the number of Line houses. . . . As to the future of Farmers' and Line houses, I believe there is no doubt that the latter will decrease and the former increase in number." The figures showing the changes during the past five years follow:

TABLE SHOWING TOTAL NUMBER OF LOCAL WAREHOUSES IN OPERATION
IN THE STATE OF MINNESOTA FOR FIVE YEARS.

Style of Elevator	1906	1907	1908	1909	1910
Line houses	1199	1171	1007	971	871
Independent houses	381	377	430	405	363
Farmers' houses	151	168	178	205	224
Total.....	1731	1716	1615	1581	1458

The independent dealers are individuals who own single elevators at some country point. Their business is identical in nature with that of the Farmers' elevator. Where there are Line elevators and an independent dealer at the same point the farmers seem inclined to favor the latter, as he is regarded as a competitive force in sustaining prices. The independent dealer, like the Farmers' Elevator Company, disposes of his grain in the primary market through the service of a commission man.

These three concerns, then, the Line Elevator Company, the

Farmers' Elevator Company, and the independent dealer constitute the country end of the grain business. It is their function to secure the grain from the producer and start it upon its journey to the ultimate consumer. The second stage in that journey is the concentration of the grain in the primary markets.

III. The Primary Market

After the grain has been shipped from the country elevator it must be disposed of in the primary market. The Line Elevator Company does this by selling the grain on the floor of the Exchange through its own representative. The Farmers' elevator and the independent dealer sell on the Exchange through a commission man. In both cases the grain is sold to the big Terminal Elevator companies or to millers. The methods used by the Line companies and those of the commission man in selling to the Terminal Elevator Company are very similar and will be treated as one.

There are various contracts which can be used in disposing of the grain to the Terminal Elevator Company. One of these is the "to arrive" contract, by which the country elevator concern is required to deliver the grain within fifteen days. This is used to a large extent by all three classes of country dealers. The Line Elevator Company which has a considerable quantity of grain in its country elevators can sell "round lots" of grain "to arrive." These are sales of from ten to a hundred thousand bushels. The grain is then shipped out from the country elevators, and as it arrives in the primary market is applied on the "to arrive" contract. In this way the Line Company saves the work of selling each individual car load on its arrival.

The Farmers' Elevator Company and the independent dealer also use the "to arrive" contract to a large extent. When there is a bulge in the cash price of grain in the primary market, the "to arrive" price rises simultaneously, and a common way of taking advantage of this advance is to notify their commission man to sell a certain amount of grain "to arrive." The grain is then loaded out of the country elevator and shipped to the primary market to fill the contract. A subsequent decline in prices during the time of transit will not affect the country dealer, since his grain is already disposed of.

For his services the commission man receives a straight commission of so much per bushel; in the case of wheat, 1 cent. The amount of this profit depends upon the volume of business which he can command. This is secured by means of agents, who are sent out by the commission man to solicit shipments from Farmers' Elevator companies and independent dealers. It is by means of this personal solicitation, and by giving satisfactory service, that the commission man secures his business.

In this connection the credit relationship existing between the commission man and those for whom he deals should be explained. When the Farmers' Elevator Company and the independent dealer ship grain from their country elevators they cannot wait until it arrives at the primary market to receive the proceeds, because their limited capital is needed to purchase more grain. In this connection the commission man renders them a valuable service by furnishing them with credit. When the grain is shipped, the country concern takes the bill of lading and attaches to it a draft drawn against the commission man. Upon depositing this in the country bank the country dealer receives credit with which he may buy more grain. In a reasonably stable market the commission man will permit the country dealer to draw against him up to 90 per cent of the value of the grain shipped.

In addition to this means of supplying credit some commission firms advance money to country shippers upon an open account. An arrangement is made by which the latter may draw upon the commission firm up to a certain amount without depositing bills of lading or any collateral. The reason back of this is that country shippers sometimes find it impossible to secure cars to ship out grain held in the elevator. Their own capital becomes tied up, and money is needed to buy the grain which the farmers are bringing in. In such an emergency the capital of the commission man is advanced to satisfy temporary needs. The amount which is advanced depends upon the financial standing of the country shipper. When the grain finally arrives in the primary market and is sold the advances by draft or otherwise are, of course, deducted in making the settlement. It is to this that the item "advanced" in the Account of Sales refers.

Another method of disposing of grain used by the country concern besides the "to arrive" and "on track" sale, is the selling

of grain "in store." Upon the arrival of the grain in the primary market it is not immediately sold to the Terminal Elevator Company in this case, but is stored in the elevator for the account of the country owner. All public elevators are required to accept grain for storage as long as any room remains, and the Farmers' Elevator Company or independent dealer can keep his grain here as long as the storage charges are paid. The purpose of this is to await more favorable conditions for marketing the grain. When the owner desires to sell, the grain is disposed of by the commission man, who sells it "in store." Delivery is made by endorsing the elevator receipt to the purchaser. This method of storing grain by country interests is more in use in Canada than in this country. Here the "to arrive" and "on track" sales are commonly used.

Thus far we have discussed the first stage in the handling of the grain crop, viz., its concentration in the primary market from the country district through the medium of the Line Elevator Company, the Farmers' Elevator Company, the independent dealer, and the commission man. A part of the grain which is received in primary markets is sold to millers for local use. In a market such as Minneapolis, which is a great milling center, the bulk of the wheat received is used for this purpose. In such markets as Chicago and Duluth, however, most of the grain is taken by the large Terminal Elevator companies.

The Terminal Elevator Company derives its profit mainly from the storing and mixing of grain. Every public elevator of this kind must receive grain for storage up to its capacity, at certain uniform rates. In addition to the storage of grain for others the Terminal Elevator Company purchases large amounts from country shippers as previously described, and stores this until it is ready to re-sell.

The difference between the prices of two options such as December wheat and May wheat, should theoretically represent the carrying charges from December until May, that is interest upon the money tied up, insurance premiums, cost of handling grain, and a fair profit. The normal difference between December and May wheat is about 4 or 5 cents per bushel. This means that the Terminal Elevator Company can purchase December wheat, and sell May wheat for 4 or 5 cents more per bushel. The wheat purchased is carried until May, when it is delivered upon the contract.

Or, when May arrives, if the price of July wheat is high enough, instead of delivering the actual grain upon its May contracts, the company can buy May wheat to cover its contracts, and sell July. The actual grain is then held until July, when it is delivered. This is known as shifting hedges from one delivery month to another.

This difference in the prices of various deliveries does not always exist as assumed above, because of the interference of outside factors. For instance, December wheat may sell on a par with May wheat because of a shortage of supply at terminal points and a heavy cash demand for milling use. The amount of grain in store is one of the most important factors in determining the price. Obviously, the Terminal Elevator Company must take these things into consideration in deciding whether it will be profitable to buy grain for storage.

In addition to the storage service, Terminal Elevator companies derive large profits from mixing grain. This is made possible by the existence of an "in-inspection" when the grain is bought and taken into the elevator, and an "out-inspection," when the grain is sold and loaded out. The elevator company buys the grain on the basis of the "in-inspection," mixes it in the elevator, and sells it on the basis of the "out-inspection." It is often possible, by the judicious mixture of some number one wheat with some number two, to secure a product which will grade number one under the "out-inspection." This, of course, applies to other grades and kinds of grain, and explains how the elevator company is sometimes enabled to make large profits by this process. This mixing of grain for the purpose of raising the grade is practiced extensively, and is considered perfectly legitimate with the following limitations:

Stored grain, that is, grain which does not belong to the elevator company holding it, may not be mixed unless this is done at the request and with the authority of the owner of the grain, and in the latter case it would have to be stored in special bins in order to preserve its identity. The mixing of grain belonging to outside parties by an elevator company in order that the latter may make a profit for itself, is strictly prohibited under severe penalty.

There is, however, in private terminal elevators, a great deal of mixing of grain which has been purchased from farmers and which

belongs to the elevator company mixing it. In writing of this practice, Mr. Feig, previously quoted, says: "The mixing of grain in this manner is a benefit not only to those who mix the same, but it reflects itself back to the producer of low grade or 'no grade' grain. The process of mixing and cleaning makes it possible to raise the value of low grade or no grade grain." In other words the elevator man, knowing that he can mix this low grade grain with a better quality and get a marketable product, is willing to pay a fair price for it. In the absence of this practice he would have no use for the low grade grain, and the farmer would be unable to dispose of it. This is what Mr. Feig means when he says that the benefit from this process "reflects itself back to the producer of low grade grain."

The Terminal Elevator Company is a large borrower from the banks because of the nature of its business. It buys large quantities of grain as the cereal comes into the market, and is often compelled to carry this for considerable periods. In order to procure capital for this it deposits with the banks, as collateral for loans, elevator receipts for the grain. Owing to the very stringent rules under which the issuance of these is governed, as previously explained, they make very safe collateral, and in a stable market bankers will loan as high as 90 per cent upon them. As the grain is sold the loans are paid off, and the receipts are surrendered by the bank. The Terminal Elevator Company also borrows on its unsecured notes. It is apparent that in all the steps of moving the crop the bank performs an indispensable function.

The Terminal Elevator Company sells the grain to the exporter or shipper of grain. In some cases the sale is made to exporters located in the primary markets and in other cases to exporters in the seaboard markets. As the primary markets are under discussion now, the exporters operating there will be treated first.

The exporter purchases the grain in the elevator and holds it until he has an opportunity to sell. When he sells the grain abroad or for eastern shipment it is loaded out of the elevator into boats or cars as the case may be. In shipment from Duluth and Chicago the bulk of the grain goes by water to Buffalo, and from there to seaboard points. When the shipment is made, the shipper secures a bill of lading from the vessel company, places insurance on the

cargo, and draws a draft against the consignee. This is deposited in the bank and credited to the account of the shipper.

In Duluth, owing to the cheapness of water transportation, many contracts for shipment on the "opening of navigation" are made during the winter. These call for the shipment of grain ten days after navigation is opened in the spring. The opening of navigation is determined by the arrival of the first boat from lower lake ports.

On grain shipments from primary markets by water the grain is discharged into elevators at Buffalo and reloaded for shipment to New York or Philadelphia for export. Exporters in Duluth and Chicago have representatives in the seaboard markets who look after their shipments through those points. The details of the export business, including the sale of the grain abroad and the ocean transportation, will be treated later in connection with the seaboard markets, as the methods of the primary market and seaboard exporters are identical in most respects.

IV. Hedging

The preceding sections of this paper have been devoted to a discussion of those branches of the grain business which center in and are dependent upon the primary markets. Before considering the grain business in its relation to the seaboard markets, there is one point to be discussed which vitally affects all phases of the grain business. The importance of this will be understood in its application to the businesses previously described. This is the use of the future contract as the basis of hedging operations.

A "hedge" is the purchase or sale of grain usually for future delivery, by a grain dealer or miller, made for the purpose of protecting himself from loss through fluctuations in price. It is extensively used in every one of the businesses previously dealt with, and is essential to their safe operation. The "hedge" works out somewhat as follows: When the country elevator concern buys grain from the farmer it cannot resell that grain immediately for cash. The grain must be stored until a sufficient quantity is received for shipment, and then loaded out and sent to the primary market. This requires considerable time, during which the price of the grain on the primary market may have materially declined. In such a case unless the country concern had some means of

protection, it would suffer a loss during the time that the grain was in transit.

The country concern is in the business of buying, storing, and shipping grain for a legitimate trade profit. It desires to eliminate speculative risks from its business. This is done by hedging. If, for instance, the country concern has bought 10,000 bushels cash wheat from farmers at a price which is equivalent to \$1.00 in the primary market, it sells on the primary Exchange an equivalent amount of some "future," say 10,000 bushels May wheat at \$1.06 per bushel. As soon as cars are received the grain is shipped to the primary market and sold at the current market price. In case the cash price has declined to 98 cents per bushel a loss of 2 cents per bushel has been sustained upon the actual grain held. It is extremely likely, however, that the price of May wheat will have declined simultaneously, due to the same causes which forced down the price of cash grain. Assuming that the price of May wheat has dropped to \$1.04, the country dealer buys in 10,000 May at this price to cover his short sale. Having sold at \$1.06 and bought at \$1.04 his profit on this transaction is 2 cents per bushel, or the same as the loss which he sustained upon the cash grain. As previously shown his trade profit is included in the difference between the country price and the primary market price of the actual grain.

This practice of hedging purchases of grain is universally used by country elevator concerns. The Line Elevator Company does its own hedging in the primary markets, while the Farmers' Elevator Company and independent dealers use the services of the commission man. So essential is this practice to the safe operation of the business that many commission men, who advance credit to country dealers, insist that the latter keep their purchases properly hedged. The reason for this is identical with that which prompts Southern bankers to refuse loans on shipments of unsold cotton unless the cotton is hedged.

But the country elevator company is only one of the many classes of grain dealers using the hedging transaction. The Terminal Elevator Company buys grain and stores it in its elevators awaiting a market for it. Large quantities of grain may have to be held until there is an export or milling demand for it. In the meantime the company might be subjected to heavy losses through a

decline in prices. It is true that its profits would be equally large in case of a rise in the price, but it should be remembered that the company is not in the business of speculation; it is engaged in the business of storing and mixing grain. It is for this reason that the Terminal Elevator Company hedges by the sale of futures, in identically the same fashion as the country elevator concern.

The "hedge" is also universally used by the flour miller, again with the intention of avoiding speculative losses. In this case the "future" is purchased to cover sales of flour in advance. In a letter referring to the subject of the hedging of flour sales by millers, Mr. A. D. Goodman, president of the Minnesota Millers' Association writes:

All millers who run their mills absolutely free from speculation, keep all their flour sales, either for future delivery or otherwise, hedged all the time, either with cash wheat or the option. The miller who is doing a legitimate milling business should never be long or short on the market to exceed one thousand bushels of wheat.

Millers sell flour for future delivery any place from sixty days to six months ahead. The future sales must be protected either by purchasing cash wheat or the option. It would cost altogether too much to buy the cash wheat for all future flour sales and carry it six months; therefore, the options are largely used as a protection against future flour sales.

The miller who makes the money year in and year out is the miller who makes the money out of his flour mill—that is, the minute he makes a flour sale he "cinches" his profit right there by buying the cash wheat or option to protect the sale. Then it does not make any difference if wheat goes up twenty cents per bushel or down twenty cents per bushel.

The miller who runs his mill by speculation, in the end falls by the way-side. It occurs to me that trading in futures is absolutely necessary for a miller if he wishes to run his business free from speculation.

The method of hedging used by the miller is approximately this: Suppose, for example, that a miller sells in October 10,000 barrels of flour for January delivery, basing his price upon the present price of December wheat. He immediately purchases enough December wheat to fill the contract, in this case about 45,000 bushels. Sometime during the month of December he will receive the wheat upon his contract, paying for it at the price fixed in October, irrespective of any subsequent changes in the price. The wheat is ground and the flour delivered in January; the miller has made his legitimate milling profit and avoided speculation.

The final use made of the hedging transaction in the handling

of the crop is by the exporter. He, like the Terminal Elevator Company, is often compelled to purchase large quantities of grain and hold it. Mr. Julius H. Barnes, a prominent exporter, doing business in Duluth, Winnipeg, and New York, and a former president of the Duluth Board of Trade, writes as follows on this point:

From an export or milling standpoint you cannot always buy the grain you need in the exact position desired; it must be bought when there, and, perhaps, at that moment foreign markets or domestic flour markets are not in line to buy the product the same day; in which case we use the hedge in the market to guard against any material fluctuation in the price basis while we are awaiting a market for the actual wheat. As a rule these hedges would be placed as far off as possible, because in normal markets the far-off hedges can usually be sold at a premium over the cash price, thus in a measure getting back, the expense of storing, insurance, and interest.

In view of the universal use of the hedging transaction by all members of the grain trade, invariably for the purpose of avoiding speculation, it is difficult to understand how the legitimacy of future trading in this connection can be questioned. The hedging transaction implies, it is true, that there is always some individual ready to take the other end of the future contract. If an exporter or an elevator company is to sell a future short for purposes of hedging, someone must be willing to buy that future. That is made possible to a large extent by the existence of a group of professional speculators, who are ready to buy or sell grain at a price determined by their individual and combined judgments.

These men make it their business to study all conditions affecting prices, weigh them carefully, and base their operations upon the information obtained. They, as speculators, are willing to carry the risk which the legitimate grain trading concern does not wish to assume. The speculator is in business for a speculative profit; the trading concern is in business for a trade profit. Prices must fluctuate due to constantly changing conditions of supply and demand. The question is whether it is better to allow the professional speculator to assume the speculative risk, or to force that risk upon the legitimate trading concern by the prohibition of future contracts.

The assumption of this risk by the speculator is simply a financial underwriting or insurance. The fire insurance company assumes the risk of loss by fire which a business man does not want

to carry; the speculator assumes the risk of loss through price fluctuations which the grain concern does not wish to carry. There is no gambling, no creation of a new risk, but merely the transfer of the risk from one party to another.

In this connection it is pertinent to state, that in the absence of hedging, everyone in the grain business from country elevator company to exporter would undoubtedly demand a greater margin of profit on account of the increased risk. It is a fundamental rule in business that the greater the risk, the greater is the margin of profit required. The result would inevitably be either a rise in the price paid by the ultimate consumer or a fall in the price paid to the farmer. In Germany, where futures were prohibited for several years the result was a heavy fall in the price which the farmers received for their grain. As a result future trading was restored, largely through the instance of the agricultural interests. It is practically the unanimous opinion of men intimately connected with the grain trade that the abolition of future trading, which implies the elimination of hedging, would result in the farmer receiving less for his grain. Mr. Barnes says in regard to this matter:

There is no doubt that without the protection of these hedging transactions which enable a large volume of business to be done along a small margin, every one handling grain would require a larger margin of safety, and this in the end would come out of the grower.

Mr. A. D. Goodman, previously quoted in this article, is of the same opinion. He says:

If trading in futures were eliminated in this country, the farmer would surely have to take from five to twenty cents per bushel less for his wheat.

The logical deduction from all these facts seems to be that, as there is a speculative risk which must be carried by someone in the marketing of the crop, and as the legitimate grain dealer and the farmer both wish to avoid this risk, it should be shifted onto the shoulders of those who are willing to take it. This is done by means of the hedging transaction.

V. Seaboard Markets

A previous description has been given of those divisions of the grain business which center in the primary market, having their basis of operations at that point. Their functions, as explained, are

to secure the concentration of the grain in those markets, and to start on its journey to the eastern states or for export, such a portion of the crop as is not used for local consumption.

In addition to these dealers a second division may be made, consisting of grain concerns which are located in the seaboard markets. Their work, generally speaking, consists in distributing the grain among the various localities in the East, and secondly in the exportation of grain. Although a few concerns engage in both of these branches of business, most of them confine their attention to one branch only, either distributing or exporting. The business of the distributor will be considered first.

This distributing grain dealer draws his supplies mainly from primary markets, buying from large elevator concerns through a broker on the floor of the seaboard exchange. Philadelphia may be taken as an example of this. Certain brokers upon the Philadelphia Bourse represent large terminal elevator companies in Chicago and other concentrating points. They keep on hand samples of the standard grade of corn, oats, and other grains handled by that elevator house. In the morning before the opening of the Exchange, and also throughout the day, the broker receives wires from the elevator company offering certain amounts of grain at specified prices. The broker then makes these offers to the distributing dealers on the Exchange on behalf of the elevator company. Acceptances are immediately wired back to the elevator company giving the name of the purchaser and the shipping directions. For his services the broker receives a commission from the elevator company. This is usually one-eighth cent per bushel, although in some cases it is larger. The wire expense is borne by the broker.

The Philadelphia grain dealer who purchases the grain has it shipped to some diverting point on the railroad, expecting to resell it during transit and forward it to its ultimate destination. At the time of shipment the elevator company draws a draft upon the Philadelphia dealer, based on the amount and grade shipped, and the price agreed upon. The draft with bill of lading attached is forwarded to Philadelphia, accepted by the grain dealer, and the bill of lading made out to the diverting point is turned over to him.

The grain dealer sells this grain through the East to millers and local grain and feed men. He accomplishes this by means of salesmen who are sent out to make offers and solicit business from

the local dealers. In addition to his salesmen the grain dealer sends out by mail a daily card containing offers of grain at certain points. This is received by prospective purchasers in the morning, and acceptances may be wired in before the opening of the Exchange.

When the grain is resold by the Philadelphia dealer he endorses the bill of lading in his possession to the final destination, so that the car of grain is forwarded from the diverting point on the railroad. At the same time he draws a draft upon the purchaser, and deposits it with the bill of lading in his bank, receiving credit for the amount of the sale. The profit of the Philadelphia dealer is included in the difference between his buying and selling prices.

The exporter in the seaboard market buys his grain largely in the primary markets in much the same way as the distributing dealer. His purchases as a rule are in larger amounts and his volume of business greater. He sells in the principal markets of the United Kingdom and the Continent.

It is unnecessary to dwell any further on the movement of the grain from the primary to the seaboard markets, as this has already been explained. When the grain which the exporter has bought arrives at the seaboard, Philadelphia, for instance, it is put into storage elevators previous to its sale and shipment abroad. While it remains here the exporter must pay storage and insurance upon it. If he holds any large quantity of grain and needs additional credit he borrows from the bank, using his warehouse receipts as collateral.

The exporter sells his grain through brokers on the Exchanges of Liverpool, Antwerp, Copenhagen, Hamburg and other important European markets. The services of the broker are similar to those of the broker in the seaboard market. The business is largely an over-night one; offers are made by the exporter in the afternoon and acceptances received in the morning. The broker furnishes the exporter with the name of the purchaser, and sends shipping directions. For his services he receives a commission from the exporter.

In figuring the price at which he can sell, the exporter must take into consideration the cost of the grain at the seaboard, the prevailing rate of foreign exchange between the two countries, the cost of ocean freight and insurance, interest, broker's commission, and his profit.

At the time the sale is made, whether it is for immediate or future shipment, the exporter can contract for ocean freight to the amount needed. The steamship companies are represented upon the exchanges, and will make contracts for tonnage to be filled in the future. As ocean rates are subject to considerable fluctuation due to the changing volume of traffic, the exporter who desires to avoid speculation contracts for his tonnage at the time his export sale is made. There is, however, some speculation in ocean freights. Contracts for tonnage are made on anticipation of future business and higher freight rates. If this business fails to materialize other tonnage must be furnished or dead freight paid on the contract.

The insurance upon the cargo is placed at the time of shipment. Brokers representing marine insurance companies are members of the Exchange, and the contracts for insurance are made there. As the insurance rates do not fluctuate there is no speculative risk attached, and no necessity for contracting for insurance in advance. The policy is made payable to the consignee, but the premium is paid by the exporter.

When the details of the shipment have been completed the exporter draws a draft or commercial bill against the purchaser for the amount of the shipment, attaches the steamship bill of lading and insurance policy covering the cargo, and sells the bill to his banker at the current rate of foreign exchange. This completes the sale so far as the exporter is concerned. The bank has purchased the bill and it looks after the collection on the other side.

In addition to his own export business the seaboard exporter often represents some primary market exporter in looking after the latter's shipments through the seaboard market. The seaboard exporter has the grain stored in the elevator and insured while awaiting shipment, and also contracts for ocean freight and insurance for the grain. For these services he receives a certain commission. He is, therefore, both a competitor and an agent of the exporter in the primary market.

CLASSIFICATION OF GRAIN INTO GRADES

By J. C. F. MERRILL,

President, Board of Trade of the City of Chicago.

State Inspection

The practice of classifying grain into grades, more commonly called inspection of grain, is distinctly American in its origin. In the year 1858 the Board of Trade of the City of Chicago created a department for the classifying of grades numerically according to specified requirements of color, quality and general condition, and at the same time certifying to those grades. This same general scheme, with small changes to meet local conditions, spread throughout the country, greatly facilitating trade between widely scattered markets and individuals. State inspection of grain also had its beginning at Chicago, it being established by the State of Illinois in 1871. Missouri, Minnesota, Indiana and Kansas followed in turn. A brief digest of the laws of the five states will be helpful to a correct understanding of the practice:

Illinois. (Revised statutes of 1895.)

Warehouses divided into three classes (licenses required from Circuit Court of the county—bond filed in Class A). No grain to be delivered from a warehouse unless inspected by a duly authorized inspector of grain.

Railroad and Warehouse Commissioners can put inspectors in those elevators where the proprietors store their own grain with that of others to prevent any undue advantage being taken. Elevator receipts bear on their face statement as to quantity and quality of grain received into store.

Governor, with advice and consent of Senate, appoints chief inspector of every city or county in which is located a warehouse of Classes A and B. To be a disinterested party. But appointment in counties or cities containing warehouses of Class B to be made only on recommendation of Board of Railroad and Warehouse Commissioners.

Chief inspector to have a general supervision of the inspection of grain, under advice and immediate recommendation of the board aforesaid. Chief inspector can nominate to the board assistant inspectors and other employees. Commissioners authorized to make such appointments. Chief and assistant inspectors take oath and give bond.

Chief inspector, assistants, and employees are governed by rules prescribed by the Board of Commissioners, etc., which are to be made to meet the services of inspection, and no more. Board exercises a general supervision over the inspection department, prescribing their respective duties, compensation, etc. Expenses paid from funds collected by the same. Rates of storage to be published by each warehouse of Class A during the first week in January of each year, which rates shall not be increased during the year, except as provided for. No discrimination to be made for the storage of grain. In all places where there are legally appointed inspectors of grain, no proprietor or manager of a public warehouse of Class B can receive any grain, unless same has been graded and inspected. Commission to establish grades. Committee of Appeals provided for, and their decision is final. (This committee consists of three, to which owners of grain may appeal the classification made by the inspector.)

Missouri. (Revised statutes of.)

Board of Railroad and Warehouse Commissioners. They appoint a chief inspector for two years. He has a general supervision of the inspection of grain, under the immediate direction of the board. Certain warehouses designated as "public." License. Bond. No discrimination in storage of grain, but charges to be uniform. Grain received at public warehouses to be inspected and graded by a duly authorized inspector. No grain to be delivered from a public warehouse unless it be inspected. (Various other provisions analogous and some identical with those of Illinois.) Chief inspector nominates deputies and such other employees as may be necessary (provision as to salaries, etc.). Commissioners establish the grades of grain. Commissioners can subpoena witnesses. (Attachments for contempt of courts.) (Weighmasters provided for.)

Minnesota. (Revised Laws.)

Elevators located at St. Paul, Minneapolis and Duluth, and other points in the State, which are now or may hereafter be designated as terminal points, in which grain is received for storage in bulk, and that of different owners mixed together, or so stored that the identity of the different lots or parcels is destroyed, shall be public warehouses, known as terminal warehouses. License. All grain to be inspected on receipt. All grain received at a terminal elevator to be inspected and graded by a State Inspector, and reinspected in like manner upon delivery from such warehouse. Charges of same paid by warehousemen and added to the storage. Minneapolis and Duluth grain inspection. Boards provided for two years' service. The "Minnesota" grades established by these two boards. They appoint a chief inspector for two years. Deputy inspectors provided for; deputy inspectors of St. Paul, Minneapolis and Duluth styled "chief deputies."

Inspectors to inspect and grade all grain received at or shipped from any terminal warehouse, whether in car or boatload lots. Appeal to nearest

Board of Grain Appeals is provided for. Not necessary to have grain stored, upon giving proper notice, etc. Weighmasters provided for. All moneys coming into State treasury through this means are appropriated to the salaries of this department. The Inspection Boards were formerly known as the Board of Appeals.

Indiana. (Indiana Statutes.)

Board of County Commissioners in any county may appoint inspectors for four years, unless removed—to inspect within said county, when required, salt, beef, pork, flour and hay.

There shall be appointed annually, by the Board of Trade, or other commercial organization, one or more inspectors of grain, or other property for the county where such board is organized, and in case there be no such organization in any county then the judge of the circuit court may appoint such inspectors (oath prescribed). Where there are two or more such organizations in any city, the one whose members deal most exclusively in grain or produce shall make such appointment, and shall provide for his compensation; and for that purpose may fix a schedule of fees to be paid by the owners of such property as may be inspected. Such inspector may classify and determine the grade to which any article of property submitted to his inspection belongs; but where there is a Board of Trade or other commercial organization in such county, it shall have the exclusive authority to fix the grade of property, defining what shall constitute grade numbers one, two, etc., the inspector determining only as to what grade the same belongs. Where there is no such organization in any county, then the grading and rates of compensation adopted by such city nearest the point where such grain or other property is inspected shall govern the inspector in his inspection.

Kansas. (Code.)

Department of record established for inspection and weighing of grain, called State Grain Inspection Department. Such department has full charge of the inspection and weighing of grain in the state at all railroad terminals, public warehouses, or other points within the state, wherever state grain inspection and weighing may be established at the discretion of the chief inspector. The governor appoints a suitable person, with confirmation of the senate, to be known as chief inspector of grain for the State of Kansas; two years' service.

Duties: 1. General supervision of inspection and weighing of grain. 2. Supervise handling, inspection and storage of grain. 3. Establish necessary rules and regulations. 4. To keep proper records. 5. Investigate complaints of fraud in the grain trade. Bond, \$10,000. Chief inspector can recommend to the governor a suitable person as supervising inspector of each city, town or place in the state, where one or more public warehouses may be doing business under the law. They shall visit daily the elevators and railroad tracks, supervising inspection, with a view to securing a uniform

inspection of grain. A supervising weighmaster also to be recommended for similar place. He shall supervise weighings, inspect scales, etc. Assistant inspectors.

The principal primary markets of the country are situated in the states which actively control the grading of grain by legal enactment. The Atlantic seaboard and Gulf cities from which grain is exported, as well as the primary markets of Detroit, Toledo, Cleveland, Cincinnati and Buffalo, established exchange inspection soon after the Chicago Board of Trade put it into effect. The reliability of inspection certificates is of first importance. Primarily, inspectors operated on their own individual responsibility, the certificates of each being valued according to his reputation for ability and honesty. But misunderstandings between sellers and buyers of grain, and a more or less general desire in the trade to trust official commercial standards rather than the honesty of individuals, suggested some established system of inspection, with the result first of exchange inspection, to be followed in the several states mentioned, by legislative enactment, to give to such system the force and security of law.

Uniformity, in a broad sense throughout the country, has been a recognized necessity from the first. In the main the same rules have been adopted and the same standards established in all markets. Local conditions, however, have to some extent dictated differences calculated to meet local needs. These differences, minor in their origin, had a tendency to increase, at least to increase in their effect as the trade became larger, the need of uniform phraseology as well as to recognize the importance of a strict application of the inspection rules.

The Grain Dealers' National Association, which has many hundred members throughout many states, with a strong representation of board of trade and exchange members, together with the Chief Grain Inspectors' Association, set themselves the task of bringing about uniformity of practice throughout all of the states and markets east of the Rocky Mountains. It has energetically continued the work until with very minor exceptions it has become an accomplished fact. West of the Rockies, probably due to the dry harvest season, grain is stored in sacks when threshed and piled in sheds for longer periods, and remains in the sacks until used, even being exported in that way. Its quality is quite unlike that

grown east of the mountains and requires entirely different rules. Grain arriving at its initial market, when graded, is likely to remain of that grade until finally disposed of.

It may lose its identity through being stored in bins with grain of like grade and quality, to be inspected out of store of the same grade when shipped, or used, or if susceptible of improvement by cleaning or blending with other lots or parcels, it may pass to a higher grade, or if becoming infested by weevil, or from heating or in any way deteriorates in quality it will be degraded, but as a general statement, when inspected out of store for shipment or use its grade is likely to be found unchanged. Therefore, the bulk of grain in commerce in the United States receives its grade at one of the markets situated in the states having state inspection laws. It is true, that in the aggregate much grain arrives at the seaboard and Gulf cities, which for the first time is graded, but the entire quantity is small in comparison to the total quantity arriving at the principal markets of the Middle West and Northwest. Thus, the security of law is applied as a compelling force in the larger markets, which by reason of their importance, have influenced the creating of standards in less important markets, which through the uniformizing influence of association effort, has given to the grain commerce of the country the practical effect and result of inspection under state law. Originally, and until within recent years, all grading was done at the side of the car, commonly known as "track inspection." At Chicago, Minneapolis, Duluth, Buffalo and in part at other markets, what is known as "room inspection" has taken its place.

Established customs are not easily overcome, and there is still some difference of opinion as to the relative merits of these methods, but there is no disposition on the part of those who have made the change to return to the older way. The classification of grain into grades is but the expression of expert judgment. Difference in the judgment of different men, when, as in Chicago, fifty or more at times are required, constitutes the variations sometimes complained of as amounting to inefficiency. It will readily be seen that fifty men working singly and apart from each other, may differ in instances to a degree which those less expert may recognize; hence, any system which gets away from the judgment of individuals, and in its place puts the combined judgment of several

of equal experience and ability, may fairly be held to be an improvement. Track inspection is the judgment of an individual. Room inspection is the combined judgment of several. Room inspection has the added advantage of laboratory aid when it is needed, as in determining the percentage of moisture, or of mixture with other grain, or any of the several conditions which require careful analysis and exact determination. Frozen moisture in grain is difficult to judge even approximately under favorable conditions, but wholly impossible to determine by one whose sensibilities are benumbed through exposure. The judgment of an expert inspector, who has been on the tracks several hours in the early morning with a zero temperature, is practically of no value in determining the moisture content of new crop, uncured frozen corn. The laboratory test, so easily accomplished under the room system, is exact. The efficiency of the room method rests upon exactness in sampling the cars, for the inspectors fix the grade of the car, as represented by the sample taken from it for that purpose.

The capability of the samplers to judge of variations found in different parts of the same car, requires that they also shall be expert judges of quality. With laboratory aids, and with the presence of several inspectors to render combined judgment, there is small chance for error in grading. But with cars loaded full, even to the roof, a most common occurrence, it is impossible in every instance to secure a true sample, one which accurately represents the quality of the entire carload. The track inspector is equally handicapped when cars are so loaded; therefore errors due to this cause, which is the chief one and responsible for more mistakes than any other, are not greater under the room method. The railroads are responsible in a large measure for this difficulty. They require loading to a given weight in accordance with the capacity of the car, usually to within ten per cent of its marked rating. Wheat and other heavy grains can be so loaded and leave enough room for accurate sampling, but oats, especially in years when the test weight per bushel is light, gives the inspection departments much trouble. Within the experience of the writer the minimum carload has mounted from sixteen thousand pounds to ten per cent below the sixty, eighty and one hundred thousand pound cars respectively, which comprise mainly the equipment of all roads at the present time. Railroad tariffs provide for minimum

load of ten per cent below marked capacity of cars. To avoid payment of a penalty, when necessary to do so, cars are loaded full. Railroad tariffs should provide usual tariff rates on such weight as cars may contain when properly loaded for thorough sampling for grading purposes.

These and kindred difficulties of the inspection departments pertain entirely to the "in-inspection," that is, the grain arriving from the country to be inspected for the first time. The "out-inspection," that is, grain loaded at market centers for shipment, does not involve the same difficulties. It is sampled as it runs into the car or vessel, its true quality thus being easily noted. Occasional error where the volume of business is large must be expected, yet mistakes are few in number when compared with the magnitude of the business done. Last year in August the receipts of oats at Chicago were above one million bushels per day; to this add receipts of all other grains, amounting in all to approximately two thousand cars per day, and the importance of the function of grain inspection as carried on in the several markets of the country where it is practiced becomes evident.

Its value to the producer and to the consumer alike is apparent. It was said a few years ago by an Englishman of prominence in the grain trade, that of all the inventions of human ingenuity in the grain business, the American system of grading is the greatest. I have said that it is distinctly an American institution. Canada is the only country which has fully adopted it. Nearly all foreign countries prominent in the exportation of grain, handle it, as it is done in our Pacific states, in bags. Some of these countries have adopted it in part, and whenever they shall have adopted the method of handling and storing grain in bulk, it will of very necessity be also adopted. The Australian government and also that of South Africa, have made a formal investigation of our methods within the current year. Sir Thomas Price, Commissioner of Harbors and Railways for the Transvaal, made a tour of this country in the early months of this year for this purpose, inspecting at Chicago and at country stations in Illinois terminals and country elevators. He remarked to the writer that our system was most complete, and our advancement from the older method of handling in bags marvelous. In foreign markets commerce in grain is carried on in contracts known as "rye terms," the final adjustment

of which is a decision of a committee which determines if the commodity is of the quality contracted for.

While this business necessarily is carried on with honor on the part of the buyer, yet it is well known that he rarely gets the worst of the trade. The seller can never know the final outcome of the transaction until the arrival of the grain and the action of the committee. Many bitter complaints are made by sellers on this side, of their treatment in this regard on the other side of the Atlantic.

Because the foreign buyer of grain on "rye terms" has the advantage of the sellers, he naturally objects to buying on American terms, which are "Loading inspection certificate final." American sellers of grain abroad, for reasons stated, almost without exception, refuse to sell on foreign terms. But the foreign buyer is notoriously a buyer of the lower priced article. If he be offered standard quality grain with a representation that it will undoubtedly arrive in safe condition, and at the same time is offered an "off grade" at a little less price, even though he be told that the risk attending the shipment of it should be considered, that its safe arrival cannot be promised, he will, almost without exception, buy the cheaper article. And if he be told that he can insure safe arrival as to condition for less than half a cent per bushel, he will decline to incur even so small an expense and assume the risk himself. With full and fair warning, he makes the contract, and when it results unsatisfactorily to him, or more likely to his customer to whom he sells "to arrive," much and loud complaint is made about "American certificates," and talk will be heard of "posting" the market from which the grain was exported and which certificates the grain. The writer, acting in an official capacity, has had occasion to inquire into and investigate foreign complaints about American grain, and with just the result as to facts outlined above. It is not claimed that our business practices are always free from regrettable incidents. That would be improbable. It is but fair to say that foreign buyers are as much at fault as are sellers to them on this side. The major part of the complaints made relate to winter and spring shipments of maize or Indian corn. From the beginning of the exportation of this cereal to within a space of ten years, the United States had so large a surplus of this grain that the larger portion of, indeed practically all that was sold abroad, was of the

previous year's crop, well cured and qualified to bear shipment with safe arrival assured, as to condition. Foreign buyers confidently relied upon it to do so. Our maximum of overproduction was reached in the year 1896, at which time we had several hundred millions of bushels of previous crop corn on hand at the beginning of winter, and the price for number two, which is the standard contract grade, sold as low as nineteen and one-half cents per bushel. Since that time our home consumption has steadily and rapidly increased, and notwithstanding we have also increased our production until the last crop, that of 1910, exceeded three thousand million bushels as against two thousand millions at the time of the low prices referred to. Practically speaking, there is now no previous year crop corn on hand in this country on December 1. The effect of this is that the foreign buyers, as well as the home dealer, must of very necessity, if he buy corn at all, take from the new crop uncured, moist corn, unfitted as yet to bear prolonged shipment, especially across the ocean. It would appear that the United Kingdom and European buyers are slow to appreciate these simple facts, and because of successful purchases of former years continue to buy uncured corn with confidence. The buyer is fully advised of the risk he assumes and he is plainly told that only artificially dried corn will take the place of the dry corn of summer, but as this adds materially to the cost, he buys the lower priced grade and takes the risk. And, as before stated, when the purchase does not turn out right he complains bitterly, and asserts that our inspection system is faulty. Indeed, the same English gentleman, quoted herein, as complimenting our system of grading, now expresses his belief that our practices have become so very reprehensible and uncertain that the federal government should assume the function of inspecting grain.

If the foreign buyer would insist upon buying on the basis of uniform inspection rules, and would use care in buying those grades which will safely bear shipment, or when buying new crop corn would do so on a specified moisture content of not above seventeen per cent in winter, and fourteen per cent in spring months, he would, as shown by experience, have no trouble, the safe arrival of the grain being thus assured. Moisture content certificates are now obtainable in all markets. The United States Government maintains laboratories at all shipping centers, and nearly all

exchanges likewise possess them. Shippers may use either. The government renders the service free. With the advent of summer the trouble disappears, nature having completed the cure through the natural drying of the corn as it reposes in the crib of the grower unshelled. But, by way of emphasis, as stated, the foreign buyer persistently prefers to buy cheaper corn, cheaper because of the higher moisture content. The fault is his own. He may eliminate that of which he complains by buying a higher grade of grain, that which has been kiln dried to a safe shipping condition. It is a mistake, in view of these and other facts, to attach too much importance to complaints of this nature. There is small reason for our representatives at Washington asserting, as some of them have, that our commerce is being injured by our exporters. The trouble with the whole matter is not original with them. It has its origin primarily abroad. The foreign buyer can always buy any grade or quality he wants to buy, and he has no excuse which is deserving of respect, when he buys a cheap article, or when he neglects to use ordinary prudence in making contracts. It is a well established principle in economics that profits are in proportion to risks. The risk to be assumed in the export of grain may be reduced to a minimum through buying commodities of standard quality. The complete cure for the ills the foreigner complains of suggests itself.

Proposed Federal Inspection

The movement for federal grading of grain was begun in the fifty-first congress, 1890. Senator Ingalls introduced a bill for uniform standards of classification and grading of grain. Other similar bills were introduced from time to time until, in the second session of congress, on January 19, 1903, Senator McCumber introduced a bill, the provisions of which were much more extensive and minute than any previous bill. Former bills, in the main, sought only to establish standards to be observed by existing inspection departments, in order that uniformity might obtain. Senator McCumber's bill contemplates the assumption by the government of the function itself, seeking to set aside and displace existing state and exchange authority so far as possible.

Senator McCumber has introduced his bill into each successive congress up to, and including, the present congress. A reading of the bill as it now stands will help in fully comprehending its import.

IN THE SENATE OF THE UNITED STATES

APRIL 6, 1911.

A BILL

To provide for the inspection and grading of grain entering into interstate commerce, and to secure uniformity in standards and classification of grain, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Agriculture shall organize in the Bureau of Plant Industry of his department a section of grain inspection and grading, and shall, according to the rules of the civil service, appoint such experts and other employees as may be deemed by him necessary to carry out the provisions of this act.

SEC. 2. That said secretary shall also appoint, in accordance with the rules of the civil service, at each of the following cities, to wit, Portland, Maine; Boston; New York; Philadelphia; Baltimore; Chicago; Minneapolis; Duluth; Superior; Kansas City, Missouri; Saint Louis; New Orleans; Seattle; Tacoma; and San Francisco, and at such other important centers of interstate trade and commerce in grain as he may consider necessary or proper for carrying out the provisions of this act, one chief grain inspector and such assistants as may be required to inspect and grade grains as herein provided: *Provided, however,* That said secretary may appoint a chief or deputy inspector at such important point of intrastate grain trade as shall furnish sufficient inspection service to fully pay the expenses of maintaining an inspection at such point, when the said secretary is assured that the grain trade interests at such point are desirous of securing federal inspection; but in no case shall such inspector inspect or grade such intrastate grain, except upon request of the owner thereof or his agent.

SEC. 3. That said inspectors shall be paid a salary or compensation to be fixed by the Secretary of Agriculture, which shall correspond as near as possible to salaries and compensations paid other officers or employees of the government performing similar duties.

SEC. 4. That the Secretary of Agriculture shall make all needful rules and regulations governing the inspection and grading herein provided for.

SEC. 5. That said Secretary of Agriculture be, and he is hereby, authorized and required, as soon as may be after the enactment hereof, to determine and fix, according to such standards as he may provide, such classifications and grading of wheat, flax, corn, rye, oats, barley, and other grains as in his judgment the usages of trade may warrant and permit. In the inauguration of the work herein provided he may, if in his judgment the best interest of trade and commerce in said grains require it, adopt the standards of classification and grades now recognized by commercial usages or established by the laws of any state or by boards of trade or chambers of commerce, and may modify or change such classifications or grades from time to time as in his judgment shall be for the best interest of interstate and export grain trade.

SEC. 6. That when such standards are fixed and the classification and

grades determined upon the same shall be made matter of permanent record in the agricultural department, and public notice thereof shall be given in such manner as the secretary shall direct, and thereafter such classification and grades shall be known as the United States standard.

SEC. 7. That from and after thirty days after such classifications and grades have been determined upon and fixed, and duly placed on record as hereinafter provided, such classification and grading shall be taken and held to be the standard in all interstate commerce in grain.

SEC. 8. That it shall be the duty of any railroad company, steamship company, or other firm or corporation or private individual engaged in the transportation of grain destined to any state, territory, or country other than that in which it is received for inspection, or received from any other state, territory, or country than that to which it is consigned, to notify the chief grain inspector at the place of destination of any consignment of grain, within twenty-four hours after its arrival, that a shipment, cargo, or load of grain is in its, their, or his hands and the place of destination of said grain.

That it shall be unlawful for any person herein named to wilfully unload or otherwise discharge any load, cargo, or consignment of grain which has been at any time during the period of its transit an article of interstate commerce and which has not been inspected in accordance with the provisions of this act, until the same has been inspected as provided herein.

Upon the receipt of such notice the said chief inspector shall cause the said grain to be inspected and graded in accordance with the classification and standards fixed by said secretary, and to issue and deliver a certificate of inspection showing such grade and classification in such form as may be provided by rules prescribed by said secretary.

SEC. 9. That it shall be the duty of said inspectors to inspect and grade all grain which at the time of inspecting and grading of the same has been shipped from any other state, territory, or country than the state, territory, or country in which the same is inspected, or is intended for shipment into any other state, territory, or foreign country before the same is unloaded from the car, vessel, or other vehicle in which the same was or is being transported, and to charge and collect from the owner thereof such fees for the inspection of said grain as may be fixed by the Secretary of Agriculture, who shall have the power to fix the rate of charges for the inspection of grain and the manner in which the same shall be collected, and which charges shall be regulated in such manner as will, in the judgment of the Secretary of Agriculture, produce sufficient revenue only to meet the necessary expenses of the inspection service, said fees to be covered into the Treasury of the United States as miscellaneous receipts, in the same manner as for other miscellaneous receipts: *Provided, however,* That such inspector, upon request of the owner or agent of any grain at the point or place where an inspector may be located, whether or not the grain has entered into interstate commerce, shall inspect the same and deliver his certificate therefor in the same manner as other

inspections are made and for the same charge; and whenever the owner of grain at such place shall request and furnish facilities therefor, said inspector shall also weigh such grain and deliver to the owner or his agent his certificate showing the gross and net weight of such grain, under such rules and regulations as may be prescribed by the Secretary of Agriculture.

SEC. 10. That no inspector or deputy inspector of grain shall, during his term of service, be interested, directly or indirectly, in the handling, storing, shipping, purchasing, or selling of grain, nor shall he be in the employment of any person or corporation interested in the handling, storing, shipping, purchasing, or selling of grain.

SEC. 11. That any person interested in any consignment of grain inspected under the provisions of this act may appeal from an inspection made by any assistant inspector to the chief inspector at the point where such grain is inspected, and from said chief inspector to the Secretary of Agriculture. Said secretary shall make all needful rules and regulations to govern appeals.

SEC. 12. That when any grain which having been inspected and certificate of inspection issued hereunder is mixed with any other grain not inspected or with grain which has been inspected and certified at a different grade, the same shall not be shipped out of the state where such mixing is done without being reinspected and graded; any such person or corporation shipping such grain as aforesaid without reinspection shall be deemed guilty of a misdemeanor.

SEC. 13. That the shipment or consignment of any grain aforesaid from any of the places mentioned herein to another state or foreign country without the same being inspected and graded as herein provided is hereby prohibited; but where grain has been once inspected hereunder, and remains unmixed with other grain, the same need not be reinspected at the place from which it is exported: *Provided, however,* That said secretary may, in his discretion, reinspect any cargo of such grain before the same is exported.

SEC. 14. That it shall be the duty of the inspectors and assistants to investigate the handling and weighing of grain inspected by them, and to make such report thereon as the said secretary may require; and it shall be the duty of every person or corporation weighing such grain to allow inspection of such weighing and handling by said inspectors.

SEC. 15. That any person or corporation who wilfully does any act prohibited herein or who wilfully refuses or neglects to do or perform the things required of him under the provisions of this act shall be deemed guilty of a misdemeanor, and upon conviction thereof, shall be punished by a fine in a sum not to exceed five thousand dollars, or by imprisonment not to exceed one year, or by both fine and imprisonment.

SEC. 16. That for salaries and for all other expenses in the city of Washington, or elsewhere, deemed necessary by the Secretary of Agriculture to carry out the provisions of this act there is hereby appropriated, out of any money in the treasury not otherwise appropriated, eight hundred and fifty thousand dollars.

SEC. 17. That this act shall take effect and be in force from and after the first day of January, nineteen hundred and twelve.

There are reasons for believing that the author of this bill has in view what he believes to be the needs of his own State of North Dakota, rather than the question as a whole without taking into consideration its effect upon the entire country. That there is not now, nor has there ever been, a popular or public demand for this legislation may be confidently asserted. It may be fairly doubted, but for the activity of its author, that it would not have been heard of during recent years. There are but three of the surplus grain states which do not have their own primary markets. These being the two Dakotas and Iowa.

The latter state consumes largely of its product, being a large producer of fat cattle and hogs, and also has numerous mills and cereal manufacturing interests of importance. The surplus grain from these three states enters interstate commerce, that of North Dakota naturally going to the two Minnesota markets of Minneapolis and Duluth. It has been claimed by the author of the bill that the people of North Dakota believe that the grain inspection law of the State of Minnesota works a hardship to the farmers of their state. The legislature of North Dakota memorialized the legislature of Minnesota on the subject, but without securing relief; therefore, the desirability of a federal inspection law. It is the belief of those well acquainted with the matter that much aid and comfort has been given the McCumber propaganda by the Department of Agriculture.

Some of the assistants to the secretary have stated to the writer, however, that the department does not desire the full control of inspection of grain throughout the country, provided for in the McCumber bill. It rather desires to be helpful only to the inspection departments of the several states and exchanges where the practice is already established or hereafter to be established. It does not wish to assume the burden of administering in detail so large a work, nor does it feel warranted in interfering so extensively with established conditions, especially without a more general demand that it should do so. The farmers generally have a very imperfect conception of the entire question of grading of grain. It is a well established fact that, notwithstanding they plant, reap and market it, as a class they are not at all expert in closely judging

quality. The proposed enactment has met with small favor by the grain trade. At only two of the primary markets have dealers expressed a preference for it, and in these markets the trade is by no means a unit in favor of it. These markets, St. Louis and Duluth, are, by reason of their geographical situation, so to speak, astride of state lines. The conflict between the local inspectors of the separate states, the certificates of both being used, has brought about petty annoyances and jealousies which would gladly be eliminated if possible, and a cursory view of the problem has suggested a cherished relief in federal inspection.

It should be remembered that federal inspection could be applied only to grain in interstate commerce. By no possibility could the federal authority be imposed on intra-state grain, that moving wholly within a state. As before noted, there are but three surplus grain states which do not have their own markets to which a major part of the product of the state is consigned for sale. Therefore, federal inspection would be inoperative to a large degree, for until grain should have entered interstate commerce, could it be inspected by a federal inspector, if there were such, only on request of the owner. This being unquestionably the case, it is clear that existing departments would continue of necessity.

In some of the states, as in Illinois, for example, public storage elevators require a state license, and the certificates issued by them must be registered by the state registrar, the grading and public warehousing of the grain being the principal features of a general plan calculated to be of great benefit to producers and consumers, as well as to those engaged in merchandising it. It is improbable that any part of this law would be repealed because of federal enactment. When the Interstate Commerce Commission was created none of the states repealed their railroad laws and turned over to that body the regulation of intra-state rail rates, rather the several states became more active in the matter of state control.

Furthermore, grain in interstate commerce and graded under authority of the government would not of necessity remain so. A single example will suffice. If loaded at Chicago, Duluth or any of the upper lake ports for shipment to lower lake cities, being interstate commerce the grain would fall within the jurisdiction of the government, but on arrival at destination would lose its identity on being unloaded and would be at rest within state authority. If at

Buffalo or Ogdensburg it could be then loaded out and shipped to any part of the State of New York, including the great market of New York City, or if at Erie, could be shipped to any part of the State of Pennsylvania, including Philadelphia, and would be intra-state. Thus, its original inspection which the farmer would be most interested in, and its final sale in which the consumer would be equally interested, would both be intra-state, unless, as stated, federal inspection was requested. It may be conservatively stated that not half of the grain in commerce day by day, the country taken as a whole, could be made amenable in matters of inspection to the authority of the general government.

Double inspection would be imposed on a large quantity of grain, inasmuch as present systems would be continued. This, so far as it was applied to the initial grading, would be borne by the farmers, for all expenses incidental to marketing produce is deducted from the price originally paid the producer. And likewise in its application to the final disposition of the grain, if inter-state business, the buyer would pay for it in the price. If double inspection was thus applied to all of the grain received and shipped from Chicago alone, it would amount to two hundred thousand dollars per annum at the current rate of fifty cents per thousand bushels.

The objections herein offered to federal inspection of grain, are those of a practical nature. Other objections might with propriety be urged. The objection to paternalism in government has been mentioned in this connection. That the function of government is to govern. That government should keep hands off the business of the country as a competitor and should not in any way interfere with established authority now actively rendering such satisfactory service as can with reason be expected, and far more satisfactory than could be expected of a government department. The people are not willing to cast aside the result of most careful effort covering a period of nearly forty years and substitute therefor an experiment, a new creation of doubtful capability, and of political control. It is the better part of judgment to hold fast to that which is good. At the close of a hearing by the Senate committee on agriculture in February, 1909, its chairman, the late Senator Dolliver, remarked to the writer who had just closed a representation against the McCumber bill. "The more I come to

know about this question, the more I am convinced that it is a matter for business men, and we legislators would better let it alone." The conclusion of Senator Dolliver was based on consideration of the question covering a period of several years, during which, as a member of the Senate committee, he had heard many arguments both for and against. It may well be accepted as a wise and sound conclusion. As evidence that his committee coincided with his opinion, is the fact that the bill was not reported out by it.

*Value in Consummating Transactions at Home and Abroad for
Present and Future Delivery*

The system of grading greatly facilitates the selling of grain for future delivery. This has become so large and so important a feature of grain in commerce that its brief discussion may not be out of place.

Production imposes ownership of the product. This is a simple truth and so commonplace that its importance is generally ignored. Each crop, generally speaking, is a year's supply. And of necessity some one must own, from the time of production to the time of need, the food necessities of the people. Ownership is inseparable from the risk incidental to the fluctuations of price, due to the vicissitudes of the seasons, and therefore is most uncertain. Whoever assumes this risk, if he does it with a knowledge of all known conditions affecting values, renders a great service to society, in helping to carry the food necessities of our ninety millions of people. Each person requires five bushels of wheat per year, as well as other products of the soil. The carrying of this enormous food supply involves responsibilities seldom fully comprehended. It should be remembered that in finality all products of the farm are for the use of the people. If bountiful crops are harvested and plenty fills every granary, prices will fluctuate less than if drought and early frost, or both, operate to diminish the supply, or have the result of scarcity. The Department of Agriculture systematically gathers reliable information about acreage, growing conditions of the crop, percentage of old crop on hand, and at stated frequent intervals publishes it in detail. This information is eagerly sought by all interests, inasmuch as the prosperity of the entire country depends upon the creation of new wealth. It is also a matter of

concern to almost everyone to know if there be a plenty or a scarcity of food necessities; if they will be cheap or dear. This has ever been the basis of transactions of large and, at times, of enormous proportions.

Thirty-six centuries ago Joseph stored large quantities of wheat in Egypt in times of plenty against times of scarcity. Undoubtedly the practice was ancient in his time. In our day the practice of buying and selling for future delivery has not only become a part of the business of every miller and every jobber of grain, but has become the business of a distinct class of men who are willing to take fair risks, based on their knowledge of conditions. Mr. Justice Holmes, of the United States Supreme Court, in a decision says: *"People will endeavor to forecast the future and to make agreements according to their prophecy. Speculation of this kind by competent men is the self-adjustment of society to the probable. Its value is well known as a means of avoiding or mitigating catastrophies, equalizing prices and providing for periods of want."*

Storage merchants, millers, jobbers and owners generally of any considerable quantity of grain practice more or less, the elimination of the risk of ownership due to market fluctuations, by making hedge sales. Hedge sales are insurance against loss. Having a given quantity of grain on hand and effecting a hedge sale of the same quantity, it is plain that a rise or a fall in the price neither gains a profit or makes a loss. The loss on the grain on hand in event of a fall is offset by the profit in the hedge contract due to its also having declined and conversely. It places a merchant or a miller in the position of having a stock on hand with which to do business and of having insurance against loss. He may buy back any day any part of his hedge which may be needful to offset his sales of that day from his stock.

Hedge sales are always of the standard grade of No. 2, as No. 2 wheat or No. 2 corn. Transactions in millions of bushels, sometimes daily, for foreign account, are consummated in the Chicago market. The United Kingdom and Continental markets are all liberally represented in this business, there being no other market where orders in such quantities can be executed.

This is because of our system of classifying grain into grades, and the storing of graded grain in enormous quantities. As this is

written there is in store in Chicago more than twenty million bushels of wheat. The standards of grade are well known in all foreign markets. The carrying of the grain which enters the commerce of the United States, and to a large degree that also of Europe, results in the selling and buying for future delivery of enormous quantities. As it moves along the highway of commerce it changes ownership many times between the period of production and that of consumption. Each different owner may hedge it, buying back his hedge when he sells the commodity itself. It transpires that the total grain thus sold and bought for future delivery many times exceeds the quantity produced. The same may be said of the currency of the country, the business of the country every day many times exceeding the circulating medium of the country. The United States Government is most active in disseminating all crop information procurable, as well as reporting stocks of previous crops in farmers' hands, thus affording information calculated to influence values, it follows that these reports are anxiously looked for by all holders of food necessities, with the result of more or less change of value. Favorable crop conditions operate to depress values, unfavorable conditions or small remaining stocks having the opposite result.

As with all business carried on in an extensive manner, abuses of greater or less degree accompany it with many regrettable occurrences.

The daily press greatly exaggerates market episodes, treating them in a sensational manner. The great, broad stream of commerce in grain flows silently by with scarcely a thought on the part of anyone about its tremendous volume and importance, but every ripple on its surface is quickly recognized and is featured far beyond its deserts, all for the sake of a sensational article to help make their particular issue popular. This has become a veritable nuisance, and when officers of the exchanges have remonstrated with the managing editors and have asked that the simple facts be printed, they have been told that the public demands something sensational. Reference is made to it here because the exchanges have suffered keenly from this most unwarrantable license of the press. The long time which elapses between production and consumption, between contracts and their performance, makes it extremely important to have men with a knowledge of universal

conditions anticipate the wants of the people and assume the risks of the market. The effect of this service is to render prices more steady and to equalize values.

The proof of this is found in the fact that, before selling and buying for future delivery was so largely practiced, the margin of profit required by those who carried the grain from the time of production to the time of need was much wider than now. Without it the grain trade of the country, as it now is in all other surplus grain producing countries, would be in the hands of a few men of strong financial standing. In fact, in our own country nearly all farm products not traded in on the exchanges for future delivery are so controlled. Perishable articles, such as potatoes, or those of great bulk such as hay, do not lend themselves to trading of this kind. The fresh meat business, tobacco and other less important articles are controlled by trusts.

The system of inspection of grain is a most beneficent one. It is practiced throughout the country with substantial uniformity. As now established, it serves the needs of the people as fully as such a system can.

Existing departments are administered with more direct responsibility to the grain trade of the country than would be possible under federal inspection.

It serves a broad purpose, determining the quality, leaving only the price to be adjusted in consummating transactions. It affords a well determined basis for time contracts. It is an achievement of the grain trade of the United States and should be jealously guarded through strict application of its rules, and cared for as a priceless possession of producers and consumers as well as those engaged in the distribution of farm products.

GRAIN INSPECTION IN ILLINOIS

BY W. SCOTT COWEN,
Chief Grain Inspector, Chicago.

Grain inspection, as understood in this day and generation, has a far more important meaning than that ascribed to it in earlier history, and the grain inspection department of the present has necessarily become a vastly more essential factor in the transaction of business as between the producer, dealer and consumer. Our present system of inspection, however incomplete, is not the inception of the moment, but rather the outgrowth of the wonderful evolution that has taken place in the methods of marketing and handling grain within the last half century. As the trade continues in its progressive strides, so must the work of the inspectors improve to meet the demands and added responsibilities.

Up to a time within the memory of many of us, the harvest was delivered in its virgin state direct from the field to the nearest mill. Machines for cleaning, purifying and preparing grain were almost unknown. As the classifications of the different cereals were then comparatively few, there was little need of especially trained experts to determine the various standards. Later, with the advent of a vast network of transportation facilities, there came about the centralization of storage houses and mills and a consequent broadening of the markets. With this change came the demand for a more general system of inspection.

To-day, with the dawn of an era of intense energy and specialization in trade, while the product of the farm is becoming greatly diversified under scientific treatment and while ways are being devised and machinery manufactured for the purposes of manipulating this product into almost every conceivable condition and appearance, it is useless to contend that the system of inspection so long in vogue has not outlived its usefulness. The departments must follow in the footsteps of progress and adopt advanced methods in determining the varieties, the quality and condition, and in many cases the methods pursued to attain quality and condition, demanded by the miller and the consumer when buying grain for specific purposes.

The "Track" system of grain inspection, the system so long in general use in all inspection departments and so designated from the fact that the work is performed and the grades established at the tracks of the different railroads instead of at a central office, had its origin on the Chicago Board of Trade in the year 1858, and was adopted by the Illinois state grain inspection department when the state assumed the responsibility of grain inspection under legislative enactment in 1871.

Since that time, however, there have been many changes in the methods of handling grain. The inspection yards were removed to points remote from the city. This made the work of inspecting much more laborious and added many new responsibilities not contemplated when the system was first inaugurated. In undertaking to cope with the changing condition of the trade without modifying the system the department in time began to deteriorate and the work of the inspectors became so uneven and unsatisfactory that Chicago inspection finally came into general disrepute and her market was avoided whenever possible.

These conditions prevailed when the present chief inspector assumed charge in 1904. Upon investigation, the criticism in most cases appeared to be well founded, but under the system in use the defects became almost unsurmountable. The thirty odd inspectors distributed among the different railroad yards and at the several elevators, without means of conferring one with another, and without the proper supervision, had necessarily to depend upon their individual judgments, and they were, therefore, to all intents and purposes the heads of thirty separate and distinct departments, each operated in accordance with the judgment of the inspector in charge.

While doing their work they were subjected to the many varying conditions of heat, cold, rain and snow, and the examinations of necessity had to be done hurriedly when the receipts were heavy. After the grades were fixed, samples of the contents of the cars were taken directly from the railroad yards to the consignee or receivers on the board of trade without being reviewed by the chief inspector or any supervising inspector, by men who acted as receivers' agents, and who were in no manner a part of the inspection department force. If the inspector had erred in judgment in fixing the grade of any car of grain, there was no opportunity of

correcting such error until after the receiver of the grain had lodged a complaint, which very frequently he neglected to do. There was no check upon him or upon his work except as a reinspection or an appeal was called for. He did his work carefully or otherwise according to his own ideas of carefulness or the convictions of his conscience or as his convenience dictated and when the arrivals were very heavy it was frequently impossible for him to give that careful attention to each individual car which the importance of the work demanded. In inclement weather cars could also be passed by and inspection postponed from day to day until better conditions prevailed without the knowledge of the department or reference to the financial interests of the shipper or receiver.

The essential and material elements of correct grain inspection are uniformity and accuracy, and under any system which does not permit of a constant personal supervision of the work of all inspectors, these results cannot be obtained. The tendency of the inspector at the track was to follow an absolutely safe course and to be sure that when a car was given a certain grade it was fully entitled to receive it. In "line" cars the tendency was never to give the grain the benefit of a reasonable doubt, to which, in my opinion, it is entitled. At the elevator, on outgoing shipments, the opposite condition prevailed. Here the grain always received the benefit of every doubt, and it was the duty of the high salaried elevator superintendent by scientific mixing to see that the "doubt" usually existed. It was therefore between these in-inspections and out-inspections, the men working under direct opposite pressure, that there was a constant drawing apart, the farmers' produce receiving a rigid inspection when received at the market and a lax inspection from the elevator when the grain was released for shipment.

Recognizing these conditions as prevailing in the Illinois department when I assumed charge, I at once gave the subject serious consideration. The first move was to develop a school of instruction for the inspectors, and by the use of type samples of the different grain and grades, seek to instill into their minds a greater degree of uniformity and accuracy. The inspectors were required to report frequently at the office of the chief inspector, where these type samples, and oftentimes samples of grain that they themselves had previously inspected, were placed before them, and they were required to record their respective decisions as to the different

grades. When errors were made they were shown to the inspector making them and their mistakes in judgment carefully explained. These examinations, from an educational standpoint, proved very beneficial, as the differences of opinion were at these meetings fully discussed and adjusted, and the inspectors were thus enabled to develop more accurate and uniform conclusions.

Improvements were quite noticeable as the result of these reviews; still the inspection as a whole was far from satisfactory. Further investigations were made, visits were paid to the inspection departments of other states, and frequent conferences held with the grain committee of the board of trade. As a result, I became thoroughly convinced that there was but one final solution to the entire problem, and that there must be a careful review made of every car inspected, and no distinction should be made between grain arriving and that being shipped out.

Thus originated the system of "office" inspection that is used in Illinois to-day, a system that preserves annually to the producers of grain large sums of money, and renders to the trade generally a service at once complete and satisfactory. This plan in general provides that samples of every car or boat of grain inspected in Chicago shall be subject to review by the most competent inspectors in the department, and that reinspections or appeals may be allowed to those desiring them with the least possible delay.

"Office" inspection consists in collecting samples of all cars of grain arriving daily on all of the different railroads entering the City of Chicago; bringing these samples to the main office of the inspection department, where are assembled a corps of the most competent inspectors procurable; and there, under most favorable conditions of light, temperature and atmosphere, the samples are taken charge of by the inspectors and the grain carefully graded therefrom. The collectors of the samples are divided into groups of men, the number in each group being adjusted in accordance with the average daily receipts on the respective railroads to which they are assigned. Each group of samplers is under the control and direction of a chief sampler who in most instances had previously been a regular grain inspector. This chief sampler is held responsible for the work of his assistants, and the strictest discipline is enforced. To add to and increase the efficiency of these several groups of samplers there is a supervising sampler who was pre-

viously a regular grain inspector, whose duty it is to travel daily from one road to another as seems necessary, to observe and "keep tab" on the work done by each group and see that every man does his full duty.

The agents of the different railroads deliver each morning to the chief sampler of each group the railroad notices of the cars in the yards ready for sampling on that particular day, and these notices are brought to the main office with the samples. The samples consist of two quart bags filled with grain drawn from different parts of the car and representing its average contents. In case of differently marked conditions in the grain, or if a car shows that it has been "plugged" for the purpose of deception, several samples are drawn to indicate the various differences of quality and condition of the contents. In case of a bulkhead car, each compartment is sampled as if from an entire car. These samples are hurried by the first train into the city and are met at each railroad station by an express wagon operated for the department and delivered at once at the main office.

The position of a "track grain sampler" is in no way an easy or inferior one. It is of the greatest importance and fully as responsible a position as that of the grain inspector who grades the samples upon their arrival at the main office. The sampler's work must necessarily be correct as to the samples of the contents of the cars, as the inspector at the office depends entirely upon the accuracy of the samples placed before him in making the grades. A grain sampler must be in good health and strong physically; able to endure exposure in all kinds of weather. He must also be intelligent, industrious and full of enthusiasm, always recognizing the responsibility resting upon him and willing to endure many hardships in the performance of his important duties.

On the arrival of the samples at the main office they are immediately taken in charge by the inspectors. The bags containing them are placed upon a shelf attached to each inspector's table. They are then emptied one at a time into a tin grain-pan, or receiver, and immediately inspected and graded. In case of what is termed a "line car," that is to say, a car so nearly on the dividing line between any two particular grades, that the inspector hesitates or is in doubt as to the grade to which it is entitled, he calls on the chief grain inspector or the supervising inspector, who is always

present, and their combined judgment determines the grade. Frequently all of the inspectors are called around the table holding some particularly difficult sample and each inspector is required to make a grade for it and give his reasons therefor. In this way a full and free expression of opinion is obtained, and through the interchange of such opinions educational suggestions are developed, and consequently a greater uniformity of opinion results as well as greater accuracy.

Immediately after the grade has been determined and the same noted upon a card, signed by the inspector making the grade, this card is placed in the bag, to which the sample has been returned and passed to a table at which is seated the record writer, who takes the card and enters all of the notations thereon upon a record sheet. These notations consist of the car number, name of the railroad over which the car arrived, the grade given the grain, and the reasons given for so grading the sample, with the name of the inspector who graded it and the sample hook on which it is to be hung.

The sample is then carried to what is called the "splitting department," where a group of men stand at tables especially built for the purpose. These men take the samples and divide them into equal parts. One-half is placed in a paper bag on which is written the car number and the initials of the railroad over which the car arrived, the grade fixed, and the name of the firm to whom the grain is consigned. The railroad notice is placed inside this paper bag along with the sample. To verify the first inspection, the samples are once more carefully reviewed by two inspectors stationed in the splitting department, whose duty it is to closely examine the notations written on the bags to see that they are correct; they also review the contents, and if an error has been made, it is then corrected.

If all these precautions are necessary under the present system to assure a correct grading, what must have been the chaotic conditions under the old system, when there was no check whatever on the inspector's work, working as he did, alone and dependent entirely upon his own unassisted judgment? It is surprising now that grain dealers exercised the patience which they did for so many years with such a system.

After this second inspection, or review, the samples are passed

to an authorized agent, whose duty it is to place them in baskets for delivery to the board of trade. Messengers then hurry them to the exchange floor of the board of trade, where they are placed on the tables of the firms to whom they have been consigned. The other half of the sample is returned to the bag from which it was taken and carried to the sample room and hung upon a revolving sample rack. Each sample being numbered, it is placed upon a hook having the number corresponding to that of the sample, where it can be readily located if necessary. These samples are preserved upon these racks for twenty-four hours; and at 1.30 P. M. of each day the samples for the previous twenty-four hours are emptied.

When reinspection is now asked for, a decision can be obtained within thirty minutes, while formerly it required from two to thirteen days, during which time the burden of risk (frequently very expensive) was entirely on the shipper. The regular inspection yards being located at long distances outside of the city limits, the cars had to be switched to what are called "the inner yards" for reinspection, involving the risk and loss of time just mentioned. These delays were frequently not only the cause of demurrage charges, but also of the grain getting out of condition, making it necessary in such cases to finally fix a lower grade than the one originally made. This would not have occurred if the grain could have been reinspected more quickly. Note the contrast with the present which by its prompt and efficient service absolutely eliminates all such delay and prevents the loss resulting therefrom.

This is a general description of the work of inspecting grain arriving, which is performed much more rapidly than it can be described. It has developed to a much greater degree than ever before known on the Chicago market, that accuracy and uniformity in the inspection of grain so much desired by all intelligent and honest dealers; and has obviated the many complaints that heretofore were received because of the lack of uniformity and correctness.

A satisfactory system of inspecting grain "arriving" at Chicago having been developed, the inspection of that "loaded out" of the elevators was next given attention. It had long been claimed that the inspection *in* and *out* of elevators was lacking in uniformity, it being asserted that the inspection *in* was much more severe than the inspection *out*. To overcome this condition, it was determined

to review, or reinspect, the work of the house inspectors stationed at the different elevators. To accomplish this an order was issued requiring carefully drawn samples to be taken from each car or vessel of the grain inspected *out*. These samples are delivered by special messengers daily at the main office, where they are at once reinspected by a board of inspectors under the personal supervision of the chief. If the work of the inspector at an elevator is not approved by this board of review, the grades given by him are changed to agree with their decision, the house inspector being notified accordingly and a record kept of each car or vessel. In this way the inspector's work is checked up and the inspection department placed in a position where it can intelligently answer any complaints or criticisms that may be made at any future time respecting any particular shipment or parcel of grain so inspected. This does away with the objection, dating back so many years, to the effect that the purchasers of elevator grain received only the very lowest, or "skin" grade. It is believed the department can now assure a just and uniform grading of grain both *in* and *out*.

Since the adoption of the present system the results have surpassed my most sanguine expectations. Complaints from shippers and purchasers have almost entirely ceased. Many errors that under previous methods were unavoidable are now prevented.

As an illustration of the success of office inspection, as perfected to this time, it might be well to instance a single recent day's work of the Chicago department. On Tuesday, February 14, 1911, the total number of cars sampled in the Chicago yards was approximately 1,800, of which number 1,531 were inspected and samples delivered to the Chicago Board of Trade for early trading. Of this large number of cars there were but forty-two reinspections called, of which number fifteen were changed by the supervising inspector. As a result of this day's work, there was but one car carried to the board of appeal.

INSPECTION FORCE

The Grain Samplers

The men assigned to the work of procuring samples of grain from the cars for inspection are usually selected from the ranks of the assistant inspectors or from among those who have spent years

in the service as messengers and helpers and have developed an aptitude for this particular work. The qualifications necessary to become an efficient sampler are an expert knowledge of grain, a familiarity with the methods employed in loading cars, and a faculty for keen observation. The sampler must ascertain if there is any variation in the quality or condition of the grain, and also if there has been an improper loading of the car. He must secure a sample of each kind and quality of grain contained in the car, determine the probable proportion of each, and must also make notations such as "small load," "subject," "car too full for thorough sampling," "car in leaky condition," "heating," that "snow or rain has affected the contents," and many other facts that go to form the records of the department. No man is permitted to attain the position of sampler who is not thoroughly qualified for the position and has not served a long apprenticeship.

The Inspectors

The work of the inspector is to classify the grain according to its quality and condition in order that it may go into store and be mixed only with other grain of like quality and condition, or be sold at a price based upon what has become a recognized comparative standard of value. In so classifying the grain he gives it one or another of the many established grades as his judgment may dictate.

The requirements of each of these grades are fixed by a rule established by the railroad and warehouse commissioners; but as the inspection of grain is not an "exact science," and as the grades necessarily approach each other by imperceptible degrees, and meet upon debatable ground, it will be seen that the written rules serve as a guide rather than as an inflexible standard for the inspector, and that upon his judgment the final and practical application of rule necessarily depends. It is therefore evident that an inspector must not only have that expert knowledge of the grain itself which comes from years of experience, but that he must have such absolute familiarity with the requirements of each grade as to enable him promptly and accurately to give each car its proper grade, and to state clearly, and concisely, the reasons which lead to his decision. An efficient and reliable inspector must have also evenness of

judgment, the faculty of so carrying a grade in his mind that he will give a particular lot of grain the same grade he gave a similar lot a week or a month before, and a tenacity of opinion that cannot be affected by any surrounding influence.

In grading the grain that passes through his hands every conscientious inspector is influenced by the fact that he is, in a certain sense, making an appraisal of another's property, and fixing the price at which it shall be bought and sold. It is not to be assumed that any inspector is infallible, or that he will always adhere to established lines with unwavering accuracy. In fact, there is a well recognized tendency among the best inspectors at times, when not properly supervised or enabled in some other way to compare their work with that of others, to swerve, unconsciously and imperceptibly to themselves, from their established lines.

In the Illinois department the men entrusted with the work of inspecting are all old in the service, and a number of them were connected with the board of trade and engaged in passing upon the quality and condition of grain even before the state department was founded, forty years ago. The others have all worked their way up to their present position from those of messengers and helpers on the tracks and have been carefully schooled in the profession. The average length of service of the supervising inspectors employed in the department is over thirty-four years, of the office inspectors twenty-eight years, of the second assistant inspectors twenty-two years, and of the third assistant inspectors, those of more recent promotion from the ranks of helpers, ten years.

Supervising Inspectors

The supervising inspectors are men chosen from the ranks of inspectors because of their evenness of temperament, their accuracy of judgment and their expert knowledge of grain, and the inspectors who have attained this position in the Illinois department are men who have been in the service for a long period of years. In this way the work is so directed that, although the grain is received from many different parts of the country, and is grown under diverse conditions of soil and climate, the average quality and market value of any particular grade is substantially the same in each of the many public warehouses in which it is stored, and may be, as it

daily is, confidently purchased by Eastern and European dealers with no other knowledge or guarantee of its quality than the certificate of this department.

The necessity and importance of this constant supervision is more apparent when one remembers that the responsibility of the department does not cease with the affixing of the original grade, but that the millions of bushels of grain going into store must also be inspected out, that the buyer as well as the seller must be satisfied, and that there is safety only along the line of exact and inflexible justice to all parties concerned.

The Committee on Appeals

Upon the appeals committee of the state grain department devolves the duty of passing final judgment upon any disputed consignment of grain. After a car or vessel has been inspected and the inspection sustained by the supervising inspectors, the shipper, the consignee or the purchaser of the grain may yet submit the entire matter to the committee of appeals. The duty of this committee is to visit the car or vessel, obtain and examine fresh samples, and the judgment of a majority of its members as to grades is final and not subject to further review. Under the laws of Illinois the committee of appeals is appointed by the board of railroad and warehouse commissioners, and must consist of three competent and discreet persons experienced in the qualities of grain, not connected with the inspection department, and not in any manner engaged in the buying or selling of the grain. The members of the appeals committee, as well as all inspectors, are required to execute bonds in the penal sum of \$5,000 to the department as a protection to the owners of grain against loss from neglect of duty or a careless or wilfully improper inspection.

The Department

The position of the Illinois inspection department in its relation to the public is one of peculiar difficulty and responsibility. It stands as an arbitrator between buyer and seller, between producer and consumer, and practically fixes the value of the immense quantities of grain passing under its supervision. At times it has been subjected to violent pressure in one direction from the receivers

and again in a contrary direction from Eastern and foreign buyers, and to harsh and often unmerited criticism from both.

Notwithstanding the criticism that has been voiced against it, the aim at all times of those in charge has been to secure such fair interpretation and impartial application of existing rules as to do exact justice to all parties interested and at the same time to maintain the present enviable reputation borne by the certificates of the department in the markets of the world. The reputation of Chicago inspection has been of slow and steady growth, has practically changed the business methods of the grain trade wherever American cereals are consumed, and it is not too much to say that the pre-eminence of Chicago as a grain market is due in a great measure to the public confidence in the integrity and accuracy of the work of her inspectors as well as to her favorable location, her unsurpassed facilities or the push and enterprise of her citizens.

The Influence of Civil Service on the State Grain Inspection Department of Illinois

As a result of a law passed by the last legislature of Illinois (No. 47) the Illinois state grain inspection department passed under civil service July 1, 1911. The members of the department, as well as those who are connected with it in any way, recognize that civil service is and will be a great addition to the efficiency of the department. Hereafter a civil service examination of candidates must precede both the filling of vacancies and promotions in the department. These examinations are conducted by a committee appointed by the civil service commission. This fact lends an incentive to all employees to become more efficient, which, in turn, adds strength to the department. To conduct the proper inspection of grain an inspector must be both intellectual and well trained; the latter requisite calls for years of experience in the department. To secure and hold such men, permanency of position must be assured them. The laws of civil service make this possible.

The official examiner is appointed by the civil service commission and the attention which he gives the department will be a great factor in promoting zeal for betterment.

The chief inspector is no longer hampered by political pressure. Those who wish positions in the department will apply to the civil service commission. Employees of the department are not subject

to the whims of the politicians. Their only requirement is to do their work well and to the best of their ability. One of the requirements of a civil service employee is that he should not be factionally connected with politics. The benefit of such a requirement is that his interest, time and attention are not taken from his work. For these reasons and many others it is expected, and in part the expectation is realized, that civil service will render more satisfaction and be more efficient for all concerned.

THE CROP REPORTING SYSTEM

BY NAT C. MURRAY,

Associate Statistician, Bureau of Statistics, Department of Agriculture,
Washington.

On or about the eighth of each month a report is issued by the Bureau of Statistics of the United States Department of Agriculture concerning the state of crops on the first of the month. The important influence which the size of crop production exerts, not only upon the markets for specific products considered but upon general business activity, gives a peculiar interest and value to these reports; inasmuch as they furnish the most comprehensive and adequate indications of probable future supplies, several months before harvests and the movement of crops.

Of the many products of the farm, the four, namely, wheat, corn, oats, and cotton are generally known as "speculative" crops, because there are well established markets for trading in future deliveries of these products. Owing to the influence of Government crop reports upon prices and the ease of speculating in these four products, special precautions are observed in the preparation and issuance of such reports to prevent any person securing an undue advantage therefrom.

The offices of the Bureau of Statistics, where the crop reports are prepared, are located on the second floor of the main building of the Department of Agriculture, situated in the beautiful, quiet park, or mall, between the capitol and the Washington monument. Here a Crop Reporting Board, consisting of the Chief of the Bureau and four assistants, prepares the crop report, or such part of the report as relates to the "speculative" crops. During the session of the board no communication is allowed between the bureau and the outside, except through the Secretary of Agriculture. All doors are locked and doorkeepers are stationed to prevent persons entering or leaving. Even the telephones to the bureau are disconnected.

Shortly before the time previously announced for the issuance of the report, fifteen or twenty newspaper representatives, or others interested in the report, gather about the corridors, ready

to receive the report as soon as issued. About a minute before the time set, the Secretary of Agriculture and the Chief of Bureau appear, the chief with about twenty-five typewritten copies of the report. These are spread out upon a long table, printed side downward, and folded copies handed to operators of the Western Union and Postal Telegraph companies, which have branch stations at the entrance of the Bureau. Each newspaper man places his hand upon one copy, ready to grab and run at the word "Go," which is called by the Chief of Bureau at the instant announced for the issuance of the report. Within less than five seconds every reporter has disappeared from the corridor, every available telephone is being used to transmit the report, and the telegraph companies are sending it broadcast. Within fifteen or twenty seconds the report is being read in New York, Chicago, and other market centers, perhaps causing much excitement and readjustment of prices, a striking contrast to the calm and serenity which surrounded the preparation of the report.

Government crop reports, even such portions as relate to acreages and yields, are not the result of actual farm-to-farm canvass or enumeration, but are the results of a combination of a large number of estimates, or personal judgments of conditions, each estimate covering a more or less indefinite area, systematically collected, compiled and averaged.

An important consideration concerning the value of crop reports is their timeliness; that is, their object is to furnish reasonably accurate information concerning crops before they have been completely marketed or consumed. A complete census is vastly more costly and requires so much time that the results are not known until the crop has passed into history. Many tests have proven that for comparative purposes crop reports so collected are almost as accurate as a census.

The first appropriation for collecting agricultural statistics by the Department of Agriculture was provided for by the act of February 25, 1863, which was made in bulk for the work of the department, amounting in all to \$90,000. The then Commissioner of Agriculture allotted a part of this amount for collecting agricultural statistics, and appointed a statistician for that purpose. For the fiscal year ended June 30, 1865, the first distinct and separate provision was made for collecting agricultural statistics

for information and reports, and the amount of \$20,000 was appropriated. From an allotment of a few thousand dollars each year at first, the crop-reporting service has been evolved and enlarged into the Bureau of Statistics of the Department of Agriculture, with an annual appropriation of about \$225,000.

The three principal inquiries made by the Crop Reporting Service, concerning each important crop are, first, the area planted, made immediately after the planting season; second, the condition of the crop, made monthly during the growing period; and, third, the yield per acre, made at harvest time. The total production is readily obtained by multiplying the estimated yield per acre by the estimated acreage.

Several other, but minor, inquiries are made at proper times in the year; these include quality, prices, stocks on hand, and amount shipped from counties of production.

The acreage of a crop is obtained by applying to the acreage of the preceding year an estimated percentage of increase or decrease. The form in which the question is asked of the correspondents and agents of the bureau, whose answers form the basis of the bureau's estimates, is as follows: "Acreage—What is the acreage planted this year [in the territory covered by correspondent or agent] compared with last year, in per cent; in representing acreage in comparison with last year, 100 is to represent the acreage last year." If the acreage last year in any state were 1,300,000 and the acreage this year were estimated at 110 per cent of last year's acreage, 1,430,000 would be the estimated acreage for this year. Last year's acreage was obtained by applying a percentage to the acreage figures of the preceding year, and so on from year to year. A new base, or revision, is made every ten years, from the census. The Bureau of the Census of the Department of Commerce and Labor, last year took a census of the crops grown in 1909, which included their acreages. The results for all states have not yet been completed; but when complete they will be used by the Bureau of Statistics as the acreage for 1909. The bureau will then revise its estimate of 1910 by applying to the census figures of 1909 the estimated percentage which the 1910 crop was of the 1909 crop; and similarly will apply to the revised estimate of acreage in 1910 the estimated percentage which the 1911 crop was of the 1910 crop, to obtain a revised estimate of acreages in 1911. The acreage in 1912 will be

obtained by applying a percentage to the 1911 figures, and so on from year to year, until a revision can be made, based upon a new census.

It may be observed that if an error is made in the estimated change of acreage from any one year to another, it is continued from year to year, until the next revision; that is, the method of obtaining the acreage of crops is subject to "cumulative errors." In the past a revision has been made, based upon a census, every ten years. Provision has been made for a census of agriculture every five years in the future, instead of ten. Such frequent revision will prevent any wide departure arising from "cumulative errors." A comparison of the acreage of wheat, corn, and oats, as estimated by the Bureau of Statistics in 1909 and as returned to the census, in the states in which the census is practically complete, comprising more than one-half the total area in the United States, indicates that the estimate of the Bureau of Statistics of corn acreage in 1909 was excessive by 2.6 per cent, the wheat acreage excessive by 4.0 per cent, and the oats acreage deficient by 5.4 per cent.

The conditions of crops are reported in the form of a percentage, the base, or one hundred, being called a "normal." The form in which the question is asked of correspondents and agents of the bureau is: "Condition—normal growth and vitality giving promise of a full crop being represented by 100—per cent?"

A normal condition may be defined as a condition that will produce a normal yield, if such condition is maintained until harvest. But what is a normal yield?

Most farmers know from experience approximately what their fields ought to produce, with the usual mode of farming, with normal weather conditions, and without unusual loss from disease, insects, or other injurious influences. A yield under such favorable, though not extraordinary conditions, would be a normal yield, which is more than an average yield but less than a maximum possible yield. A condition which may produce a normal yield, as thus described, is a normal, or one hundred per cent condition.

A normal yield for one farm or section may vary widely from that for another. On one field a normal yield per acre of corn might be eighty bushels, and on another field twelve bushels. A normal yield of corn for one state is more than forty bushels per acre, for another state it is less than fourteen bushels.

The condition of a crop at a given date is expressed by the percentage of a normal yield which may be produced if no change in the condition or status of the crop occur from the given date to the time of harvest. For example, if the condition of the wheat crop on June 1 were such that, with no change in condition—that is, normal influences from that date to harvest—only three-fourths of a normal yield could be expected, the condition would be reported as seventy-five per cent; if only one-half a normal crop could be expected, the condition would be reported as fifty per cent; if ten per cent more than a normal yield could be expected, the condition would be reported as 110.

The purpose of crop condition reports is to estimate probable future supplies under prevailing growing crop conditions. It is assumed that average conditions at any time are indicative of average yields per acre; that conditions above an average at any time are indicative of yields above the average; and conditions below the average at any time are indicative of yields below the average. If at any time the condition of a growing crop is five per cent above the average condition for such time, it is assumed that the yield is more likely to be five per cent above the average yield than any other amount. If the condition at any time is ten per cent below the average for such time, it is assumed that the yield is more likely to be ten per cent below the average than any other amount.

The process in the interpretation of condition figures may be explained by an example. The condition of corn on July 1, 1911, was 80.1 per cent of a normal condition; in the last five years the condition has averaged eighty-five per cent of a normal condition; thus the condition on July 1 is 5.8 per cent below the average condition (80.1 being 94.2 per cent of 85), and suggests a yield of 5.8 per cent below the average. In the last five years the yield averaged about 27.1 bushels; 94.2 per cent of 27.1 bushels (94.2×27.1) is about 25.5 bushels; therefore conditions are said to indicate a yield of 25.5 bushels. That is, if the condition of the corn crop be 5.8 per cent below the average at harvest time, a yield of 25.5 bushels is the most reasonable expectation; if less than the average adversity befall the crop before harvest, a larger yield may be expected; if more than the average adversity befall the crop, a yield less than 25.5 bushels may be expected.

The yield per acre is obtained by simply asking the agents and

correspondents to estimate the average yield per acre in bushels of grain, pounds of cotton, etc., in the section of the country covered by the agent or correspondent.

The principal sources of information upon which the crop reports are based are reports of agents and voluntary correspondents scattered throughout the United States. The crop data are collected in quadruplicate; the state is regarded as the unit in the compilation of the reports. The Statistician (and the Crop Reporting Board, for wheat, corn, oats and cotton), therefore, is provided with four averages for each item and each state, each average being the result of the compilation of all the returns of the several sources of information. These four sources are as follows:

First, township correspondents, second, county correspondents, third, state statistical agents, and fourth, special field agents.

Township correspondents are persons who, upon request, voluntarily answer questions concerning crops, on printed schedules, mailed to them monthly by the Bureau of Statistics. There are about 32,000 in the United States. In the more important agricultural sections the average distance between correspondents is five to eight miles. Each correspondent reports upon the state of crops in his vicinity as he sees them. The reports of all the township correspondents of a state are combined to obtain an average for the state; that is, a straight average is taken of all returns from a state.

The county correspondents, like township correspondents, are voluntary reporters, but report for their entire county instead of their immediate vicinity. Each county correspondent is supplied with stationery and government franked envelopes to make personal inquiries throughout his county, so as to enable him to make a report for the whole county. There are about 2,800 agricultural counties in the United States. In obtaining the average for the state from the reports of county correspondents, each county report is weighted according to its relative importance of the county in the production of the crop reported upon. If one county has approximately 20,000 acres of corn and another county but 1,000 acres, the one is given a weight of twenty and the other one, when corn is reported upon. That is, a weighted average is taken of the returns of county correspondents to obtain the average for the state. The reports of township correspondents and of county correspondents are mailed direct to Washington.

State statistical agents are persons who devote a portion of their time, at a small salary, varying according to the importance of the state from \$300 to \$1,100 per annum, to reporting for the state as a whole the same information as is asked of township and county correspondents. Each state statistical agent maintains a corps of voluntary correspondents, from which to collect this information, the number of such correspondents in all the states being about 15,000. State agents are provided with schedules and stationery for this purpose. The state agents in the larger states have their state divided into about nine sections; a straight average is made of all the reports received from a section, to obtain the average for the section; and a weighted average is obtained for the state by giving to each section average a weight proportionate to its relative importance in the state.

The fourth regular source of information is reports from the special field agents. The entire United States is divided into about fifteen districts, comprising about three states in each district. A traveling field agent is assigned to each district. He devotes his entire time to inspection and investigation of crop conditions; he travels systematically throughout his territory, viewing crops, interviewing various parties able to impart information concerning crops; and he reports for each state as a whole, with notes and comments, data concerning crops similar to those given by other classes of correspondents.

In addition to these four regular sources of information, the Bureau of Statistics maintains several special lists which are used occasionally for special inquiries; for instance, when information concerning the yield per acre of wheat is desired, schedules asking for this information are sent to a special list of mills and elevators; when the yield per acre of cotton is desired, schedules of inquiries are sent not only to the four regular classes enumerated, but to every ginner, of which there are about 30,000, to a special list of cotton growers, asking for the yield per acre on their individual farms, and also to a list composed of merchants, bankers, cotton factors, and others in the cotton section interested in the cotton crop. The total number on all lists is about 150,000.

It is impossible with the means at hand to estimate annual production of every product grown. The Bureau therefore confines its efforts in estimating acreages and yields to twelve of the most

important crops, wheat, corn, oats, cotton, hay, potatoes, barley, rye, flax, rice, buckwheat, and tobacco. These, however comprise about ninety-five per cent of the acreage and eighty per cent of the value of all crops. Many minor crops such as beans, peanuts, onions, cabbages, etc., for which estimates of actual production are not given, are nevertheless reported upon as to condition of growth and as to percentage of a full crop produced.

After the reports of township correspondents and county correspondents relating to important crops have been tabulated upon large sheets, but before they have been added and averaged, each sheet of an important state is cut into two parts in such a way that no name of county, state or other mark to indicate the state to which it belongs is left upon the part containing the figures, except that both parts are given a like number by the Chief of Division, and the portion with the names of counties and state kept in a locked drawer. This precaution is to prevent any clerk from obtaining advance knowledge concerning the results for any state.

The reports from special field agents and state statistical agents are mailed in special envelopes or telegraphed in cipher, to the secretary, who keeps them in a securely locked box until the morning of the report. When the board has assembled, the reports regarding the speculative crops from state and field agents are delivered by the secretary, opened and tabulated. The figures by states, from the several classes of correspondents and agents are placed in convenient parallel columns, a separate sheet being used for each separate crop or question. (See Exhibit A.) The board is thus provided with several estimates for each state and each crop, made independently by the respective classes of correspondents and agents of the bureau. Notes and comments of agents and weather reports are read. With all these data before the board, each individual member computes independently, on a separate sheet, or final computation slip, his own estimate of the acreage, condition, yield, or whatever subject is being considered. The results obtained by each member are brought together and compared, state by state, and discussed by the board under the supervision of the chairman and the final figures for each state decided upon. (See Exhibit B.)

The estimates by states, as finally determined by the board, are weighted by figures proportionate to their relative importance, the results being a true weighted average for the United States for

each subject. Other crops than wheat, corn, oats, and cotton are prepared in the same way except that the entire board does not review them.

As quickly as the board determines upon the final figures by states and the averages for the United States have been obtained by expert computers, a summary is set up on a duplicating machine, and copies of the summary are given to the public at the appropriate time in the manner already described. About two thousand copies of the summary are mailed at the same time to newspapers, and various organized bodies interested in the reports and soon thereafter the details of the report are published in the "Crop Reporter," which is mailed gratis to any person requesting it. An edition of 170,000 copies is published monthly.

As the object of crop condition reports is to throw some light upon the question of probable future supplies, it may be of interest to note what relation exists between estimates of condition and the ultimate yield as finally estimated. This is shown graphically in a chart (Exhibit C) which gives the condition of the corn crop on October 1, yearly, from 1890 to 1909, inclusive, and the yield per acre yearly, during the same period, as finally estimated. It will be observed that there is a reasonably close approximation.

Crop reports have a steadying effect upon markets by discrediting false reports which would otherwise circulate widely and adversely affect market conditions. By increasing knowledge of supplies and lessening the risks, the cost of distribution of a crop is reduced. If the crop reports of the Government be the means of lessening the margin between the price paid by consumers and the price received by producers by one-eighth cent per bushel for wheat, corn, and oats and but one-twentieth cent per pound for cotton, and this is a conservative estimate, the saving to producers and consumers on these crops alone is approximately \$5,000,000 annually.

EXHIBIT A.—Condition of Corn.

[Sample Sheet]

States and Territories	Field	State	County	Township	Board Members' Estimate
Maine		95	95	89	94
New Hampshire		89	93	87	89
Vermont		85	84	86	85
Massachusetts		88	90	88	88
Rhode Island		97	101	90	97
Connecticut		90	95	89	90
New York		82	83	80	82
New Jersey	78	79	80	76	78
Pennsylvania	79	81	76	77	78
Delaware	83	82	92	83	83
Maryland	74	78	74	75	75
Virginia	83	80	83	81	81
West Virginia	63	62	74	69	65
North Carolina	83	83	82	83	83
South Carolina	88	85	85	84	85
Georgia	84	86	86	83	84
Florida	83		85	86	84
Ohio	78	78	76	75	77
Indiana	87	86	87	85	86
Illinois	87	87	86	85	86
Michigan	75	77	76	79	77
Wisconsin	72	75	79	77	76
Minnesota	79	81	80	76	80
Iowa	82	82	83	82	82
Missouri	82	84	83	85	84
North Dakota	47		55	53	50
South Dakota	73	80	75	72	75
Nebraska	68	69	72	70	69
Kansas	59	60	61	58	59
Kentucky	83	83	82	81	82
Tennessee	82	84	82	82	82
Alabama	91	88	92	88	90
Mississippi	93	91	92	90	91
Louisiana	88	88	90	88	88
Texas	75	76	70	71	73
Oklahoma	48	49	51	48	49
Arkansas	88	89	87	88	88
Montana		57	53	56	56
Wyoming		65	80	60	65
Colorado	68	67	67	69	67
New Mexico		54	71	55	55
Arizona			82	75	78
Utah	83	85	90	84	84

EXHIBIT "A"—(Continued)

States and Territories	Field	State	County	Township	Board Members' Estimate
Idaho	.88	90	91	88	89
Washington	.76	69	77	74	75
Oregon	.79	81	85	80	80
California		85	87	84	80

EXHIBIT B.—Condition of Corn.

[Sample Sheet]

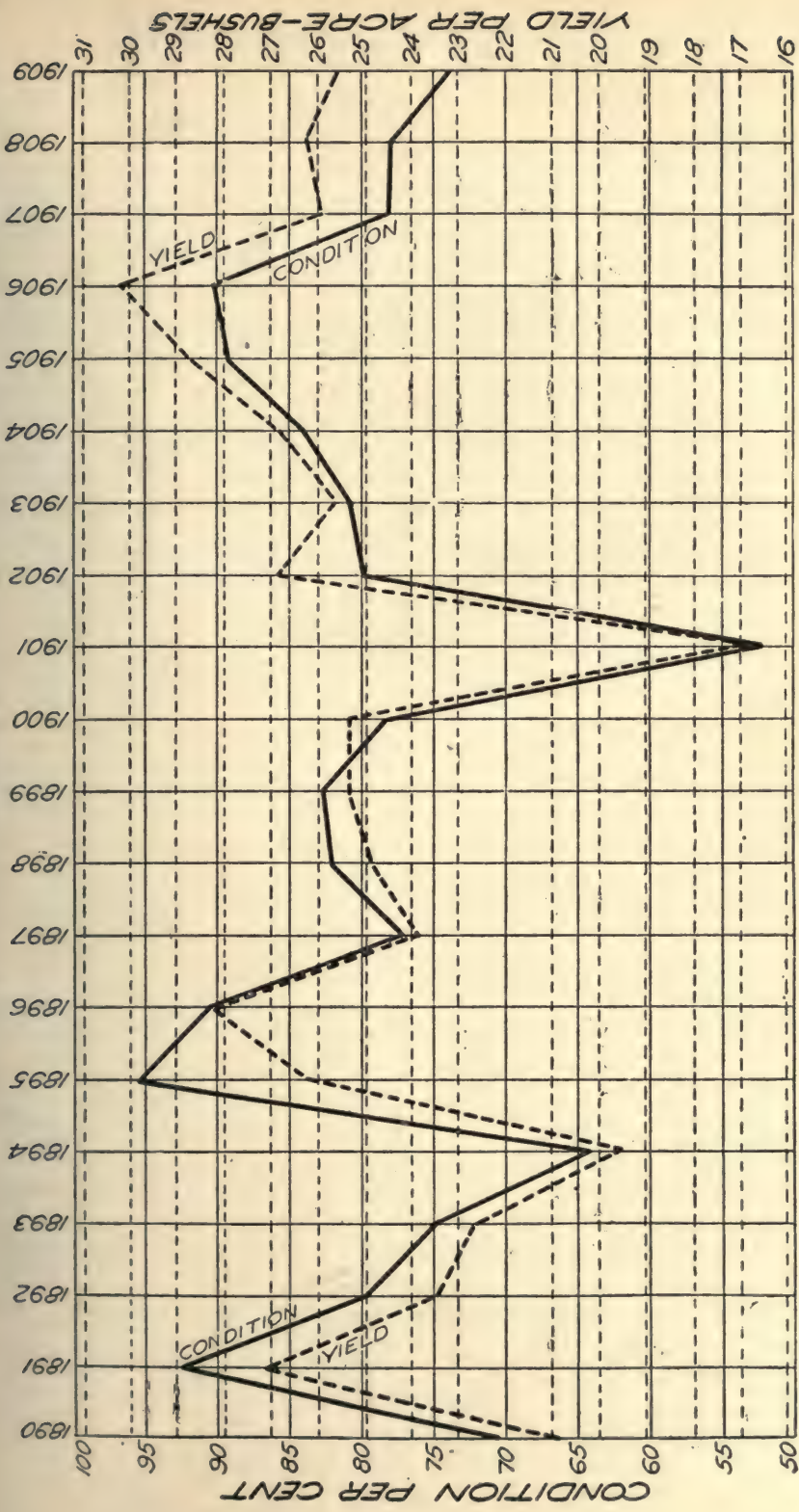
(Board Members' Estimates)

States and Territories	Member A	Member B	Member C	Member D	Final
Maine	.94	94	93	94	94
New Hampshire	.89	90	90	89	90
Vermont	.85	85	85	85	85
Massachusetts	.88	89	88	89	88
Rhode Island	.97	96	97	95	97
Connecticut	.90	91	92	90	91
New York	.82	82	82	82	82
New Jersey	.78	79	78	78	78
Pennsylvania	.78	79	79	78	78
Delaware	.83	85	84	83	83
Maryland	.75	75	76	75	75
Virginia	.81	82	82	81	82
West Virginia	.65	68	67	67	66
North Carolina	.83	83	83	83	83
South Carolina	.85	85	85	86	85
Georgia	.84	85	84	85	84
Florida	.84	85	84	85	84
Ohio	.77	77	77	77	77
Indiana	.86	86	86	86	86
Illinois	.86	86	87	86	86
Michigan	.77	76	76	77	76
Wisconsin	.76	75	75	76	75
Minnesota	.80	80	79	79	79
Iowa	.82	82	82	82	82
Missouri	.84	84	83	84	84
North Dakota	.50	53	50	51	51
South Dakota	.75	73	74	76	75
Nebraska	.69	70	70	69	69
Kansas	.59	60	60	59	60
Kentucky	.82	82	82	83	82

EXHIBIT "B"—(Continued)

States and Territories	Member A	Member B	Member C	Member D	Final
Tennessee.....	82	82	82	83	82
Alabama	90	89	91	90	90
Mississippi	91	91	92	92	91
Louisiana	88	88	88	88	88
Texas	73	72	73	74	73
Oklahoma	49	49	49	50	49
Arkansas	88	88	88	88	88
Montana	56	55	56	56	56
Wyoming	65	68	67	65	65
Colorado	67	68	68	67	68
New Mexico	55	60	58	57	56
Arizona	78	79	80	77	79
Utah	84	85	86	86	85
Idaho	89	90	90	89	89
Washington	75	73	74	75	75
Oregon	80	82	81	80	80
California	85	85	85	85	85

EXHIBIT C.



CURRENT SOURCES OF INFORMATION IN PRODUCE MARKETS¹

BY BRUCE D. MUDGETT,

Instructor in Insurance and Commerce, University of Pennsylvania.

Sources of Information in the Cotton Market

Current information dealing with the cotton market may be divided into two classes, based on the point of origin of the data, viz: (1) information concerning production, acreage and condition; and (2) statistics of current prices. The one must emanate necessarily from the area of production; for the other the only source is the exchanges. Cotton, like wheat, is peculiar in this respect that there has developed a most extensive system of trading in futures, and the middlemen on whose shoulders falls the risk of this system find it an economic necessity to discount pending conditions of supply and demand so as to shape their affairs to conform with a season's average condition. Mr. Henry G. Hester, secretary of the New Orleans Cotton Exchange, famous for his cotton reports, speaking of the need of these reports and the amount of dependence that can be placed upon them, says: "Reports of this kind are valuable as indications of the trend of supply and demand, and their contents exert more or less influence as statements of facts bearing upon the basic causes of price fluctuations. All other matters, such as wars and rumors of wars, panics, dear and cheap money, etc., etc., by reason of their bearing upon either the volume of supplies or the extent of demand for an article are collateral. Upon reliable statements of facts the world bases its opinions; these coupled with collateral conditions are the sources of deductions or forecasts of the possible or probable course of future values. To the extent of the reliability of statements of facts, or perhaps it would be more correct to say the amount of confidence reposed in such statements, is the price of an article more or less governed. The fear of the

¹Only the most important sources of market news could be enumerated for each of the leading markets, and where criticisms have been offered, they have in nearly every case been given to represent the judgments of brokers and dealers, directly interested in the market, as obtained by personal interview or correspondence.

effect of any cause upon the possible supply or possible demand is proven to be more or less grounded by the actual facts as they occur, and while such fears may exert a temporary influence on values, the permanency of such influence is determined only through information concerning actualities."

The extensive area over which cotton is grown is the explanation of the large and complicated organizations which are engaged in reporting on production, condition and acreage of cotton. Greatest of all among these organizations is the United States Government. That the government crop reports have been subjected to just criticism in the past is undoubted. It is just as true that the cause of that criticism has been removed, and that the greatest degree of care is used in compiling and issuing the reports so as not to permit them to become prematurely available to unscrupulous manipulators. Nevertheless there are to-day still a great many brokers who maintain that all persons legitimately concerned in the distribution of the cotton crop would be better off if there were no crop reports issued. A favorite criticism levelled at the reports is that they are, and in their nature can be, nothing more than a guess by a government board; that both weather and acreage reports are used by manipulators and plungers to influence prices, thereby causing more and greater price fluctuations, and producing the very thing they were intended to prevent. Some brokers go to the extent of saying that the trade as a whole would be better off were no reports of any kind ever published. Upon analysis the situation appears to be a struggle between the interests most concerned in the "spot" markets and those interested in the "future" markets. The merchant dealing in the spot market is interested in his commission and therefore is interested in as high a price for the product as he can get. In this he is supported by the producer. The dealer in the future market is the one who makes possible hedging operations on the part of manufacturers and the latter are interested in getting cotton at rock bottom prices. Between these two range the speculator and the manipulator ready to take advantage of a change of price in either direction. It is probable that the time will never come when all of such diverse interests can be wholly satisfied. In the meantime the government crop reports will continue to be published and their publication will have the loyal support of at least a large and influential minority of those interested.

COMMERCIAL EXCHANGE

—OF—

PHILADELPHIA

Vol. XXIV., No. 126.

PHILADELPHIA, SATURDAY, JUNE 3, 1911. (Last Edition.)

Single Copies 2 Cents

PHILADELPHIA MARKET REPORT

[Entered at the Philadelphia Post Office as second-class matter.]

OFFICIAL MARKET REPORT OF THE COMMERCIAL EXCHANGE.

FLOUR — Receipts to-day, 1,460 bbls and 713,440 lbs in sacks. The market was dull and unchanged, with moderate but ample offerings.

We quote $\$$ 196 lbs in wood—

winter clear.....	3 25	@	3 50
do straight.....	3 85	@	4 10
do patent.....	4 15	@	4 65
Kansas, straight, sacks.....	4 10	@	4 40
Spring, clear.....	3 70	@	4 10
do straight.....	4 35	@	4 60
do patent.....	4 90	@	5 15
do do favorite brands.....	5 25	@	5 90
City Mills choice & fancy patent	5 25	@	5 90
City Mills, regular grades—			
do straight.....	3 50	@	3 25
do do.....	3 50	@	3 25

NOTE.—On all sales of corn and oats to local trade—except those on track—there is a charge of $\frac{1}{2}\%$ for storage and elevating, which is paid by the buyer. Sales of grain, flour, &c., by the jobbing trade are at an advance over the wholesale quotations herein recorded.

OATS.—Trade was fairly active and prices further advanced $\frac{1}{8}\%$, under light offerings.

We quote:

No. 2 white.....	—	42	@	—	42 $\frac{1}{2}$
Standard white.....	—	41 $\frac{1}{2}$	@	—	42
No. 3 white.....	—	40 $\frac{1}{2}$	@	—	41
Rejected white.....	—	37 $\frac{1}{2}$	@	—	38 $\frac{1}{2}$

Receipts. Shipments. Stock.

Girard Pt. Stg. Co.....	—	—	—
Port Richmond.....	2,990	4,529	18,360
20th St. Elevator.....	—	—	—
23d St. Stores.....	21,000	21,000	—
Track.....	—	—	—
Total.....	23,990	25,529	18,360

GRAIN INSPECTIONS.

JUNE 2, 1911.

IN—	Cars	IN—	Cars
No. 2 white	10	No. 2 white	10
No. 3 white	10	No. 3 white	10
No. 2 white	10	No. 2 white	10
No. 3 white	10	No. 3 white	10

We quote car lots:
Winter Bran, in bulk, $\$$ ton.... 25 50 @26 —
Spring Bran, in 100-lb sacks, $\$$ 25 50 @26 —
ton..... 25 50 @26 —
BALED HAY AND STRAW.—Receipts to-day, 380 tons of hay and 1 car of straw. Hay sold slowly, with ample offerings at former rates. Straw ruled steady though quiet.

TIMOTHY HAY			
No. 1 large bales.....	25 50	@	26
No. 1 small bales.....	25 50	@	—
No. 2.....	23 50	@	24
No. 3.....	20	@	20 50
No grade.....	14	@	16
CLOVER MIXED HAY			
No. 1.....	22	@	23
No. 2.....	18 50	@	19 50
STRAW			
No. 1 straight rye.....	—	@	12
No. 2 do.....	—	@	11
Tangled rye, No. 1.....	—	@	11
do No. 2.....	9 50	@	10
Oat, No. 1.....	8 50	@	9
Oat, No. 2.....	7 50	@	8
Wheat, No. 1.....	8	@	8 50
Wheat, No. 2.....	7	@	7 50

PROVISIONS.—Are firm.

WHEAT—Trade was quiet, but offerings were light, and, with bullish speculation in othehome grain centres, prices advanced $\frac{1}{8}$ c on both spring and winter varieties. We quote No. 2 Red, afloat, at 89 $\frac{1}{2}$ @90 $\frac{1}{2}$ c.

Car Lots, in Export Elevator.

No. 2 Red.....	— 91 $\frac{1}{2}$ @ — 92 $\frac{1}{2}$ @
Steamer No. 2.....	— 88 $\frac{1}{2}$ @ — 89 $\frac{1}{2}$ @
No. 3 Red.....	— 88 $\frac{1}{2}$ @ — 89 $\frac{1}{2}$ @
No. 1 Northern Duluth.....	— 1 10 $\frac{1}{2}$ @ 1 11 $\frac{1}{2}$ @
Grand Pt. Stg. Co. 32,856 ⁶	— 126,765
Port Richmond.....	— 92,149
20th St. Elevator.....	— —
23d St. Stores.....	— 5,000
Track.....	— —
Total.....	37,856 5,000 218,914

CORN—The market for export deliveries ruled firm and prices advanced $\frac{1}{8}$ c, under light offerings and stronger outside advices. Local car lots were also $\frac{1}{8}$ c higher, under scarcity.

Export Mixed, in Elevator.

Close yesterday. 12 M.—Close.

June.....	58 $\frac{1}{2}$ @58 $\frac{1}{2}$ @ 58 $\frac{1}{2}$ @59 $\frac{1}{2}$ @
Car Lots, in Export Elevator.	
Export mixed.....	58 $\frac{1}{2}$ @59 $\frac{1}{2}$ @
Steamer.....	57 $\frac{1}{2}$ @58
No. 3.....	56 $\frac{1}{2}$ @56 $\frac{1}{2}$ @
No. 4.....	53 $\frac{1}{2}$ @54 $\frac{1}{2}$ @

Car Lots for Local Trade.

No. 2 yellow.....	62 @62 $\frac{1}{2}$
Steamer No. 2 yellow.....	61 @61 $\frac{1}{2}$
No. 3 yellow.....	58 $\frac{1}{2}$ @59 $\frac{1}{2}$ @
No. 4 yellow.....	55 $\frac{1}{2}$ @56 $\frac{1}{2}$ @
Receipts. Shipments. Stock.	
Grand Pt. Stg. Co.....	— 986
Port Richmond.....	— —
20th St. Elevator.....	— —
23d St. Stores.....	4,000
Track.....	— —
Total.....	4,000 4,986

CORN GOODS—Demand is normal and the market rules firm.

Kiln dried yellow meal, $\frac{1}{2}$ bbl.....	2 90 @ 3 —
do do $\frac{1}{2}$ 100-lb sack.....	1 35 @ 1 40
Gran. yellow meal, $\frac{1}{2}$ bbl.....	2 90 @ 3 20
Gran. yellow meal, $\frac{1}{2}$ 100-lb sack.....	1 35 @ 1 50
Gran. white meal, $\frac{1}{2}$ bbl.....	3 — @ 3 40
Gran. white meal, $\frac{1}{2}$ 100-lb sack.....	1 40 @ 1 60
Yellow table meal, $\frac{1}{2}$ bbl.....	2 80 @ 3 10
Yellow table meal, $\frac{1}{2}$ 100-lb sack.....	1 30 @ 1 45
White table meal, $\frac{1}{2}$ bbl.....	2 90 @ 3 20
White table meal, $\frac{1}{2}$ 100-lb sack.....	1 35 @ 1 50
White corn flour, $\frac{1}{2}$ bbl.....	3 50 @ 3 60
White corn flour, $\frac{1}{2}$ 100-lb sack.....	1 65 @ 1 70
Yellow corn flour, $\frac{1}{2}$ bbl.....	3 30 @ 3 60
Yellow corn flour, $\frac{1}{2}$ 100-lb sack.....	1 55 @ 1 70
Pearl hominy, $\frac{1}{2}$ bbl.....	3 20 @ 3 40
Pearl hominy, $\frac{1}{2}$ 100-lb sack.....	1 50 @ 1 60
Hominy and grits, $\frac{1}{2}$ case.....	1 20 @ 1 35

We quote in wood—

Ground oat meal, $\frac{1}{2}$ bbl.....4 95 @ —

Rollod, steam or kiln dried, $\frac{1}{2}$ bbl.....4 50 @4 75

Patent-Cut, $\frac{1}{2}$ bbl.....4 95 @5 22 $\frac{1}{2}$

Pearl barley, in 100-lb sacks, as to quality.....3 55 @5 15

TALLOW—Was quiet and unchanged.

Prime, city, in tins.....6 @ 6 $\frac{1}{2}$

Prime, country.....5 $\frac{1}{2}$ @ 6

Dark.....	— @ 5 $\frac{1}{2}$ @
Cakes.....	6 @ 6 $\frac{1}{2}$ @
Grease—	
Brown.....	4 $\frac{1}{2}$ @ —
Yellow.....	5 $\frac{1}{2}$ @ —
White.....	6 @ —
House.....	5 $\frac{1}{2}$ @ —
Bone.....	5 $\frac{1}{2}$ @ —
FEED —Supplies were small and the market ruled steady, but trade was quiet.	

Hams, S. P. cured, loose.....	12 $\frac{1}{2}$ @ — 13 $\frac{1}{2}$ @
do do smoked.....	12 $\frac{1}{2}$ @ — 13 $\frac{1}{2}$ @
do do skinned, loose.....	14 $\frac{1}{2}$ @ — 16
Other hams, smoked, city cured.....	14 $\frac{1}{2}$ @ — 16
as to brand and average.....	14 $\frac{1}{2}$ @ — 16
Hams, smoked, western cured.....	22 @ — 24
do boiled, boneless.....	22 @ — 24
Shoulders, pickled cured, loose.....	9 $\frac{1}{2}$ @ — 10
do do smoked.....	9 $\frac{1}{2}$ @ — 10
Plum Hams, S. P. cured, loose.....	7 $\frac{1}{2}$ @ — 8 $\frac{1}{2}$ @
do do smoked.....	9 $\frac{1}{2}$ @ — 10
Bellies, in pickle, according to average, loose.....	11 @ — 13
Breakfast bacon, as to brand and average, city cured.....	14 @ — 19
Breakfast bacon, western cured.....	14 @ — 19
Lard, western, refined, tierces.....	87 $\frac{1}{2}$ @ — 9 $\frac{1}{2}$ @
do do tubs.....	9 @ — 9 $\frac{1}{2}$ @
Lard, pure city, kettle rendered, in tierces.....	8 $\frac{1}{2}$ @ — 8 $\frac{1}{2}$ @
Lard, pure city, kettle rendered, in tubs.....	8 $\frac{1}{2}$ @ — 8 $\frac{1}{2}$ @

OCEAN GRAIN FREIGHTS.

CHARTER RATES.

Cork for orders.....	— @ —
Picked ports.....	— @ —
BERTH RATES.	
Liverpool.....	— @ 1 $\frac{1}{2}$ @
London.....	— @ 1 $\frac{1}{2}$ @
Glasgow.....	— @ 1 $\frac{1}{2}$ @
Manchester.....	— @ 1 $\frac{1}{2}$ @
Leith.....	— @ 1 $\frac{1}{2}$ @
Antwerp.....	1 $\frac{1}{2}$ @ 2d
Rotterdam.....	1 6 @ 17 $\frac{1}{2}$ @
Hamburg.....	1 6 @ 17 $\frac{1}{2}$ @
Copenhagen.....	— @ 21 $\frac{1}{2}$ @

RECEIPTS.

Flour—bbls.....	1 460 Seed—Flax, bush
Sacks—bush.....	713 440 Feed tons.....
Wheat, bush.....	37 856 Hay tons.....
Corn, bush.....	4 000 Straw cars.....
Rye, bush.....	— Oil cake, bgs.....
Oats, bush.....	23 990 Highwines, bbls
Barley, bush.....	— Whiskey, bbls.....
Malt, bush.....	5 000 Wool, bbls.....
Seed—Clover, bgs.....	— Cotton, bales.....
Timothy, bgs.....	— Lumber, feet.....1,075,000

SAMUEL S DANIELS, Editor, 241 Dock St.

The government reports are of three kinds: (1) the Weather Bureau reports; (2) reports of the Census Bureau on acreage and on cotton ginned; and (3) reports of the Department of Agriculture published in the "Crop Reporter." The Weather Bureau reports are issued weekly and, as the name indicates, afford an opportunity of getting a line on weather conditions in the regions of the growing crop. The Census Bureau compiles reports of cotton ginned from statements received by it from the gins in active operation.

An unusual example of the accuracy with which these ginning reports measure the cotton crop was given last year (crop year of 1909-1910). The Census Bureau had reported 10,386,000 bales of cotton ginned for the year. When Secretary Hester's report on the crop appeared in September it gave the actual growth for 1909-1910 as 10,389,000 bales, a difference of only 3,000 bales. Needless to say that, while they usually correspond closely, they do not often produce a result like the above. The reports of cotton ginned also give the bureau an opportunity to get a line on the acreage.

Every five years a census is taken of the acreage. This acreage estimate is available to, and is used by, the Department of Agriculture. The first Census Bureau report, issued in June, gives estimated acreage as of May 25th. Thereafter, twice monthly, the bureau reports on the amount ginned. In March the total quantity ginned is reported. The Department of Agriculture through the crop reporting board makes six reports yearly on cotton. The first, issued on June 2d, reports the acreage and condition of the crop on May 25th, by states. Thereafter, in July, August, September and October, the condition of cotton is reported for the twenty-fifth of the month previous. The last report, issued about December 10th, publishes the estimate of the total production of cotton by states for the year.

Private reports on cotton fall heir to much the same criticism that is directed against the government reports. Among the total number will be found many which are little more than guess work, and in which no credence can be placed. But, on the other hand, some of the private reports are prepared with the utmost care that large and costly organizations can give and deserve the confidence reposed in them.

A great many trade newspapers collect their own cotton statistics. Among these the reports of the "New York Journal of Com-

merce" are probably most widely known. They are collected by means of a large corps of correspondents located all over the cotton states, who send in their reports by letter or by wire to headquarters. The methods of the "Journal" are molded very much after those of the Department of Agriculture in the preparation of its crop reports. Much the same methods are followed by the "New York Commercial." It publishes currently the usual statistics, but in addition issues four special crop editions during the season, often anticipating the government estimates by days and coming remarkably close to the figures of the latter. These special editions refer to "acreage planted," "prospective yield," "condition" in September, and "total crop" early in December.

There are a number of newspapers in the South which report on the growing cotton crop, some of them for the crop as a whole, some of them confining their attention more to local conditions. The "New Orleans Times-Democrat" maintains correspondents in every section of the cotton belt and through them obtains and publishes comprehensive reports and a summary. In December, a few days prior to the publication of the government's estimate, the "Times-Democrat" prints its estimate of the season's growth, and in years past this result has borne a very close correspondence with the actual figures appearing later.

Among individuals and firms publishing private reports on cotton, the best known are Henry G. Hester, secretary of the New Orleans Cotton Exchange; Oscar K. Lyle, of the firm of S. B. Chapin & Co., New York, and the Mercantile Cotton Crop Reporting Corporation, New York, which latter organization publish the reports formerly issued by Mr. Theodore H. Price. Secretary Hester's report is an annual one, coming out on September 1st and treating of the cotton crop to the close of August. Ordinarily, annual reports are looked upon as of historical importance only, but this report, because of its exhaustive nature and because of the confidence reposed in it, is eagerly watched for and undoubtedly exercises marked influence on the market. Secretary Hester's data are obtained from transportation companies, manufacturers, exchanges, boards of trade and expert correspondents on both sides of the Atlantic. Much of the detailed data obtained from manufacturers, railroads, etc., is of a confidential nature, but as he himself says, "Once it became known that the effort of the statistician was to

arrive at correct aggregates and not to make public the affairs of specific concerns there has been little or no hesitancy in the furnishing of details." His report covers an analysis of the sources of supply with a history of the year's crop compared with previous years; the distribution of the crop to American mills both North and South, the overland movement and exports; and detailed stocks on hand.

In the case of Oscar K. Lyle's crop observations no blank forms are used, making a description of his methods very difficult. His results, however, are among those which are accepted as authoritative estimates.

COTTON (ARKANSAS)

1908	PAST YIELD 1907	1906	County	Average Yield	Proportional Quotient
7,681	5,269	7,313	Arkansas	6,754	.78
22,008	22,328	25,290	Ashley	23,208	2.65
4,957	3,029	3,780	Baxter	3,922	.45
932	393	692	Boone	692	.07
5,407	4,337	5,237	Bradley	4,993	.57
5,555	4,568	5,076	Calhoun	5,067	.57
27,702	25,240	25,968	Chicot	26,203	2.76
9,877	8,757	10,647	Clark	9,760	1.12
15,118	9,688	12,117	Clay	12,307	1.43
5,004	3,011	4,119	Cleburne	4,033	.45
8,671	6,368	7,936	Cleveland	7,658	.87
17,747	17,243	22,934	Columbia	19,308	2.20
21,256	14,403	20,418	Conway	18,692	2.13
13,984	7,667	11,497	Craighead	11,149	1.26
14,097	14,728	16,656	Crawford	15,160	1.74
32,605	27,545	24,074	Crittenden	28,074	3.17
10,460	8,245	9,489	Cross	9,398	1.06
5,404	3,897	4,717	Dallas	4,673	.53
12,125	12,014	15,162	Desha	13,100	1.52
19,983	14,595	19,284	Drew	17,950	2.05
20,351	13,289	19,960	Faulkner	17,867	2.04
14,972	11,639	12,640	Franklin	13,084	1.49
4,785	2,494	3,714	Fulton	3,664	.42
2,381	1,675	1,169	Garland	1,742	.19
4,456	2,439	2,659	Grant	3,185	.36
9,696	6,416	9,336	Greene	8,483	.96
15,164	16,038	24,054	Hempstead	18,419	2.10
6,794	4,443	3,692	Hot Spring	4,976	.58
10,067	9,255	11,347	Howard	10,223	1.17
17,294	7,730	14,287	Independence	13,103	1.49

COTTON (ARKANSAS)—(Continued)

1908	PAST YIELD 1907	1906	County	Average Yield	Proportional Quotient
6,605	3,512	5,101	Izard	5,073	.57
34,882	17,395	24,419	Jackson	25,532	3.01
45,834	35,203	40,129	Jefferson	40,389	4.61
13,101	9,207	9,846	Johnson	10,718	1.24
4,790	8,284	13,006	Lafayette	8,693	1.00
21,281	12,908	14,346	Lawrence	16,178	1.83
32,282	21,411	22,616	Lee	25,436	2.89
16,495	15,301	18,319	Lincoln	16,705	1.90
6,438	10,602	15,391	Little River	10,820	1.23
23,343	16,900	18,736	Logan	19,659	2.46
46,246	27,540	31,651	Lonoke	35,145	3.99
2,692	1,551	1,860	Marion	2,034	.22
3,328	5,993	11,432	Miller	6,917	.79
36,747	28,057	29,355	Mississippi	31,286	3.60
25,095	15,121	17,524	Monroe	19,246	2.43
4,313	3,655	4,156	Montgomery	4,041	.47
11,374	10,895	15,003	Nevada	12,424	1.41
605	351	533	Newton	496	.06
9,724	8,482	10,145	Ouachita	9,450	1.08
6,493	3,582	5,948	Perry	4,674	.53
36,032	25,219	23,776	Phillips	28,342	3.22
3,930	4,411	4,468	Pike	4,269	.50
5,638	3,359	4,248	Poinsett	4,414	.52
3,231	2,547	2,702	Polk	3,826	.43
23,284	13,939	18,147	Pope	18,456	2.10
9,763	7,757	9,392	Prairie	8,970	1.02
23,279	15,580	18,142	Pulaski	19,000	2.15
12,231	6,051	6,989	Randolph	8,427	.95
27,483	22,564	20,310	St. Francis	23,452	2.67
5,231	3,722	4,798	Saline	4,587	.52
7,134	4,969	5,984	Scott	6,029	.69
2,099	1,376	2,101	Searcy	1,859	.22
11,547	9,364	10,811	Sebastian	10,577	1.20
7,212	7,318	9,512	Sevier	8,014	.91
5,230	2,706	4,309	Sharp	4,081	.45
2,237	1,175	2,084	Stone	1,832	.20
14,351	16,137	17,812	Union	16,100	1.93
6,522	4,286	4,933	Van Buren	5,247	.59
18,685	13,292	16,002	White	15,993	1.82
29,913	23,663	23,196	Woodruff	25,590	3.01
22,860	17,723	19,766	Yell	20,116	2.30
.....	.....	6	All other	2	....
996,093	751,851	894,268		880,936	100.00

The method used by the Mercantile Cotton Crop Reporting Corporation for obtaining their data is that noted in several previous instances, namely, the use of a great number of picked correspondents located in the cotton producing area. A postal is addressed to each one of these asking for estimates. In compiling this data a system of weighing is used, and it certainly contributes to a result more scientifically accurate than could a simple arithmetic average of all the replies received. The county is the basis on which the results are tabulated. For each state a blank form is used like the one here reproduced for Arkansas, giving the yield of cotton for each county for three years past. The average of these three years is then computed; another column giving the percentage which the average for the county is of the total average crop for the three years. This column of percentages, then, gives the relative weight that the returns of each county are going to bear in making up the total for the state. Ashley county, for instance, would be credited with 2.65 per cent. of the yield, calculated on the state. Pike county would be credited with only .50 per cent. Having obtained a figure for each state, these are again weighed for the final or United States result. Florida would be credited with one per cent, while Texas would have twenty-eight per cent. If estimates of the cotton crop are valuable, then the scientific method used above for arriving at a correct estimate is to be encouraged.

Opposed to this way of arriving at results will be found many to which the application of the term scientific would be a travesty. For instance, among doubtful methods of arriving at results the following examples might be cited: Inquiries are sent to dealers, buyers, farmers, etc., asking the simple question, "How much cotton will your county raise this year?" To the sum of the results thus received seven and one-half per cent is added, based on the observations that these correspondents generally underestimate the crop by that amount. This latter result is made the basis of a published estimate on the size of the crop. Many reports will be found which are based on no more trustworthy methods, and their existence justifies the suggestion that a careful description of method is due from any organization which issues reports to those who receive reports and base their operations on them. More diligence in this matter would mean less opportunity for manipulating the market.

In addition to the statistics thus far discussed concerning the

cotton crop, brokers, producers and manufacturers are interested in current prices on the exchanges. This subject needs only a mention here, for each exchange individually compiles its own data, and by means of the ticker, telegraph and cable, and later the newspapers, this information is immediately disseminated to all interested parties.

Sources of Information in the Cereal Markets

Current information in the cereal markets is sought more eagerly than any other data in the produce markets, owing to the commanding importance which grain occupies. The system of trading in futures is greater in wheat even than it is in cotton, and just in proportion as it is greater there is greater demand for data as to current happenings.

It was to forecast the probable wheat crop that the government crop reports were first undertaken. From a small beginning they have grown in scope until to-day they cover almost everything grown in the United States that can be considered of commercial importance. Those parts of the reports dealing with the cereal crops which are traded in on exchanges are as follows: The March report gives the stocks of grain in farmers' hands; the distribution and consumption of corn, wheat and oats; and the average natural weight of wheat and oats. The April schedule, the first which gives condition reports, deals with the condition of winter wheat and rye. In May further reports are made upon the condition of winter wheat, rye, meadow lands and spring pasture. It also covers the portion of the original acreage of winter wheat that has been, or will for any reason have to be, abandoned. In June the acreage of all the important crops is reported on, chief among which is spring wheat. The condition of wheat, oats, barley, rye, clover and spring pasture is dealt with. The July schedule gives the acreage planted to corn; the stocks of wheat in farmers' hands; and the condition figures as before. Condition figures are reported for all crops up to September, when most of the smaller cereals are harvested. The condition of corn is reported on in October, and in the annual report for December the condition of winter wheat and rye planted for the following year's crop is dealt with. In addition to these data, the estimated average yield of winter wheat and the stocks of oats in farmers' hands are dealt with in August; the average yield and quality of spring wheat, barley, oats and rye in October; and the

average yield per acre of corn in November. The annual report of the crop reporting board comes out in December, when all crops are harvested and it is possible to obtain trustworthy estimates of the total crops. The production and prices of all the principal crops are dealt with in this schedule, together with the acreage of winter wheat and rye sown for the crop of the following year. The government's weekly weather reports are watched in the grain markets equally as closely as in cotton. In fact, some brokers will go so far as to say that a careful observance of weather conditions throughout the producing area will enable them to anticipate very closely the result of a coming crop report.

Aside from the government reports there are three agencies for securing news in the grain markets. They are (1) the grain exchanges and allied organizations; (2) large commission and brokerage firms, which make a canvass by correspondence; and (3) the private crop expert, the latter analogous to those already noted in the cotton market.

The grain exchanges annually spend enormous sums of money in compiling statistics of their own dealings. Nearly every exchange maintains a committee whose duty this shall be. The practice of the Philadelphia Commercial Exchange is typical. Its by-laws state that "The committee on information and statistics shall have supervision of the library of the exchange, and all matters pertaining thereto. . . . It shall, unless otherwise directed, have charge of newspapers, market reports, telegraphic and statistical information for the use of the exchange; and it shall be the duty of the said committee to organize plans for obtaining regularly, and at the earliest moment, such reliable information as may affect the value of articles dealt in by the members of the exchange."

The Philadelphia exchange publishes each day a record of stocks held in elevators, vessels or cars loaded, and daily receipts and shipments. A reduced facsimile of one of their daily reports is shown on page 106. Some of the exchanges go further and attempt to compile summaries. The Chicago Board of Trade, for instance, compiles figures of visible supplies of grain. But in this immediate connection the work that is best known and has most general acceptance throughout the country is that of "Bradstreet's Trade Review." Bradstreet's collects the figures of stock of grain on hand at the grain supply centers by means of agents and the use of

the telegraph, and the total is published in the journal of that name. Visible supply figures are also published weekly by "Dun's Review."

The greatest organization of all, either in this country or abroad, dealing with the grain exchanges as a whole is Broomhall's Agency. Broomhall's Agency has become the official representative of practically every important grain exchange in the world. Its method of operation is well described by Mr. G. P. Broomhall, the American representative, in a letter to the writer: "We have no regular forms which we send to our correspondents, but our agents send us advices, some daily, others weekly, either by mail or wire and also by cable. We have, for instance, about three hundred agents and correspondents scattered all through the important grain-producing countries, and any change in weather conditions, say in Russia or Argentine, is at once cabled to our Liverpool office, from which point it is again disseminated, in America, for instance, by this office" [the New York office] "to private subscribers here at New York, and they in turn wire the information over their private wires to Chicago and the far West. We are the foreign correspondents for the Chicago Board of Trade, and since January 1st this year [1911] are supplying the New York Produce Exchange with all their foreign information. The Buenos Ayres Grain Exchange also receives our foreign grain service, and also the Liverpool grain exchanges.

"All the largest exchanges in the world which handle grain use our foreign cabled grain service. We have agents on all these markets and through them we obtain the official prices posted on them, and they are in turn sent to Liverpool and again redistributed to other exchanges. Statistical information, such as exports, receipts, shipments, are also gathered by our agents and sent to Liverpool, who in turn have them tabulated and sent through the various countries. For instance, each Saturday afternoon I personally compile the shipments of wheat, corn and flour, that is, the amount of grain shipped from the different ports in this country for the week. We have agents at all the ports on the Atlantic and Pacific seaboard and they send me in by mail and wire the amount of grain shipped for the week, and after condensing same I cable this information to my Liverpool office, and they, after receiving the returns from our agents in Russia, Argentine, India, Australia and any other exporting countries, are able by this to compile the

THURSDAY. June 8th. 3 P. M. 1911

100

10

1

total amount of wheat shipped for the week from all countries. . . . Our head office in Liverpool is the center to which all information is mailed, wired and cabled, and they in turn through the different exchanges are able to have the information made public all through the world." Broomhall's "Corn Trade News" is the official paper of this agency, a special edition of which is published in New York. Prices are sent from New York to Liverpool and posted on the exchange board within six minutes, and direct communication from New York to Argentine is accomplished within fifteen minutes.

In addition to the methods just described for collecting and compiling data, many of the larger grain commission and brokerage houses, such as Finley Barrell & Co., Chicago; Logan & Bryan, New York; Bartlett Frazier Company, New York; and S. B. Chapin & Co., New York, make a practice of canvassing the intelligent opinion of men located in the grain belt for the purpose of estimating the conditions of the grain, the acreage, etc. As an example, Finley Barrell & Co. recently mailed to some five thousand individual correspondents postal cards having the following questions concerning the corn crop:

Has corn crop turned out better or poorer than expected?
Are husking returns larger or smaller than expected?
What is the present condition of corn?
Are farmers satisfied with present prices?
Have they sold new corn freely?
Will movement to market be free?
How soon will it commence?

A great number of these correspondents are in daily communication with their firms and are able to inform the latter of any circumstance of sufficient importance to justify a special investigation. In fact, Mr. S. S. Daniels, editor of the market reports of the Philadelphia Commercial Exchange, is authority for the statement that these reports coming in daily over cables, wires and tickers are the greatest general factor influencing prices.

The private crop experts are usually in the employ of, or represent, some large firm or commission merchants. Here as elsewhere it will be found that there are both good and bad. Numbers of so-called crop experts publish misleading crop reports in order to influence the market in the interest of speculators. But there are a

number—one broker puts it at less than one and one-half dozen—of genuine crop experts, men of mature judgment whose business it is to give disinterested and impartial advice on the growing crops and whose opinions can be depended upon to represent the facts as they know them. Foremost among such men in this country are Mr. John M. Inglis, with Logan & Bryan, New York; Mr. B. W. Snow, of Bartlett Frazier Company, New York; Mr. Oscar K. Lyle, of S. B. Chapin & Co., New York; and Mr. George M. Le Count, with Finley Barrell & Co., Chicago. Representatives of any of these firms can usually be found on any important grain exchange.

These different men use different methods. The method of Mr. Le Count, for instance, is that of direct observation, going into and through the grain growing sections of the country and minutely examining the growing crops. Snow's reports, on the other hand, are the result of an organization almost as complicated as and modeled upon the government crop reporting service. Needless to say, these men, while classified together here, perform functions differing the one from the other.

The Coffee Market

The coffee market, like the grain market, looks to the exchanges for its current information. The production of coffee is localized as is probably no other commodity sold to-day by the exchange method. By far the largest part of the world's supply is grown in the State of Sao Paulo, Brazil. A small portion comes from the East Indies. The exchanges which are instrumental in fixing the prices of coffee are New York, Havre, Bremen and Hamburg. There are some private reports on coffee, but the superintendent of the New York Coffee Exchange is authority for the statement that with one exception they have no influence on the market. That report is the one issued by Messrs. Willet and Gray, of New York.

The great source of information in the United States on the coffee market is the New York Coffee Exchange. It publishes daily, monthly and annual reports; its figures are accepted as accurate throughout the world, and its reports are looked forward to with great interest by the trade. The statistical work of this exchange consists in collecting and compiling daily detailed information as to the prices of coffee on its own floor, at Havre, Hamburg and Rio de Janeiro; stocks on hand with their location; daily and weekly

receipts and deliveries from all important warehouses of the world; coffee afloat, with source of origin and destination; and, lastly, reports on weather and temperature in the regions of coffee production. This information furnishes a complete report of the daily condition of the growing crop, the location and the movement of stocks on hand and the prices ruling on the important exchanges.

These daily reports are further condensed into a *monthly summary* of the figures enumerated above. The most important item of the monthly report is the table of the world's visible supply, and it is looked forward to each month with great interest. The visible supply figures are also compiled by two European organizations, viz: Messrs. Duuring & Zoon, of Rotterdam, and Mr. E. Laneuville, of Havre. The three separate totals show a very small difference.

The "Annual Supplement" of the coffee exchange report summarizes in more condensed form the reports already noted and is of historical value principally. It serves, of course, to afford a quick comparison for a series of years as regards the total yield, the movement of the crop to points of consumption, and the comparative prices.

Metal Statistics

Information dealing with the metal market may be grouped under three heads, viz: (1) Sources of current statistics; (2) trade papers publishing current information; and (3) annual statistical publications. The following are the important ones:

I. SOURCES OF CURRENT STATISTICS

A. United States Statistics:

American Iron and Steel Association, 261 S. 4th St., Philadelphia.
Copper Producers' Association, No. 1, Liberty St., New York.
Horace J. Stevens, ed. "The Copper Handbook," Houghton, Mich.
"The Iron Trade Review," Cleveland, O.
"Engineering and Mining Journal," New York.
United States Steel Corporation Monthly Report of unfilled orders.
Custom House returns.

B. English and Foreign Statistics:

Julius Matton, 25 Rood Lane, London.
Henry Merton & Co., Ltd., London.
Vivian, Younger & Bond, London.

2. TRADE PAPERS PUBLISHING CURRENT INFORMATION

"The Journal of Commerce and Commercial Bulletin," New York.
"The Iron and Coal Trades Review," London.

"The Iron Trade Review," Cleveland.

"The Iron Age," New York.

"Mineral Industry," New York.

"Engineering and Mining Journal," New York.

"American Metal Market" and "Daily Iron and Steel Report."
Published by the American Metal Market Co., 81 Fulton St.,
New York.

"The Steel and Metal Digest" (monthly). Published by the American Metal Market Co., 81 Fulton St., New York.

"Bulletin of the American Iron and Steel Association," 261 S. 4th St., Philadelphia.

3. ANNUAL STATISTICAL PUBLICATIONS

"Statistical Report of the American Iron and Steel Association,"
261 S. 4th St., Philadelphia.

"Metal Statistics," published by the American Metal Market Co.,
81 Fulton St., New York.

Publications of the United States Geological Survey.

"Commerce and Navigation of the United States," published by the
Bureau of Statistics, Washington, D. C.

"The Copper Handbook," published by Horace J. Stevens, Houghton, Mich.

Comparative Statistics of Lead, Copper, Spelter, Tin, Aluminum, Nickel, Quicksilver and Silver, compiled by the Metalsgesellschaft, the Metallurgische-Gesellschaft A.-G. and the Berg- and Metalbank Aktiengesellschaft, Frankfurt-am-Main, Germany.

"Directory of Iron and Steel Works in the United States," published by the American Iron and Steel Association.

This classification is made on the basis of nearness to the source whence the statistics originate both in time and place, the intention being to show as nearly as possible in all cases the original source from which the information is compiled, the channels by which it first reaches the general public, and then the annual volumes into which it finally finds its way and is permanently preserved.

The pioneer collecting agency for iron and steel statistics in the United States is the American Iron and Steel Association. Its statistical work relates mainly to the operation of all the iron and steel works of the United States, covering the production of the blast furnaces, rolling mills and steel works. So thoroughly does this organization do its work and in such confidence is it held by the trade that its data are accepted everywhere as authoritative. Its inquiries are sent to each individual manufacturer with requests for his own production. These returns are then summarized by dis-

tricts, states and for the whole country. Much of the success of the association in obtaining data is due to its method of disclosing to no person the results for individual establishments. It publishes only the summaries. It sends out regular blank forms of a most comprehensive nature on which returns are made.

The "Iron Trade Review," of Cleveland, a trade paper, collects from the mines of the Lakes Region their annual output of iron ore. While this is an annual publication, it is the only publication of its kind, and is looked forward to with great interest. It is republished in every important paper which reports on the metal markets.

What is done for iron and steel by the two organizations just noted is done in much the same manner for copper by two other organizations, viz: the Copper Producers' Association, of No. 1 Liberty Street, New York City, and Horace J. Stevens, editor of "The Copper Handbook," Houghton, Michigan. The former is an association created and supported by about a dozen copper producing companies. And since these companies control the entire output, the production of copper is concentrated in a way that makes the gathering of data a simple matter. The Copper Producers' Association has to deal with these few companies only. The reports are published monthly and deal exclusively with copper in marketable condition.

The best available source of statistics of mine production and of general information concerning copper and copper mining companies is that published by Horace J. Stevens in his annual "Copper Handbook." In an extended letter to the writer, Mr. Stevens explains his method of collecting statistics and the importance of this subject justifies a reproduction in substance of his statement. With an annual request which he sends to mine owners he incloses a blank question sheet of a most exhaustive nature. This request goes to the ten thousand and more companies that are described in the "Handbook" and also to several thousand others who are not there included. In addition to these he utilizes other sources of information, as follows: Different governments of the world, through the proper departments, are requested to send official reports and other information not published but on file. All reports of mining companies are kept on file, as are also the prospectii of new companies. The services of a clipping bureau are utilized and

a clipping bureau is maintained in his own office. One of his most valuable sources of information comes from his correspondence with mining engineers throughout the world.

Of first hand material two other sources must still be noted. The United States Steel Corporation now publishes a monthly report of its unfilled orders, and, due to its commanding position in the iron and steel business, this report is taken as indicative of the current condition of that industry. The report is looked forward to with great interest by brokers. The custom house furnishes currently to the trade the figures of imports and exports of metals, which later come out in the monthly and annual summaries. For English and foreign data there are three firms in London whose names are well known. No more than a mere mention of them is necessary here. They are Julius Matton, 25 Rood Lane; Henry R. Merton & Co., Limited, and Vivian, Younger & Bond. Their statistics of production and prices appear in the weekly editions of the "Iron and Coal Trades Review" (London), and they are credited with a large part of the foreign statistics in the principal annual publications.

The second step in the distribution of this enormous mass of information is its publication by the trade papers. A detailed description of the reports of each of these journals is not necessary. The general objection that can be directed at most of them is that they are first technical journals, dealing with the mechanical side of mining and are only secondarily trade journals, publishing market news. The result of this is that their market reports are in many, if not most, cases meager in the extreme. Some of them, as, for instance, the "Iron Trade Review" and the "Engineering and Mining Journal," are important more because of the original material they compile than for their market reports. The "New York Journal of Commerce" is a model among the trade newspapers in this country. Its reports are full, are well classified and are not too much intermingled with "opinions." The "Iron and Coal Trades Review" (London) is also a model trade paper. Its weekly edition has separate divisions devoted to each of the important metal markets, beginning with a concise statement of the condition of the market, followed with a small and concise table of statistics comprising prices, production, etc. A large part of the value of its reports is due to the arrangement of the material in such a way that the substance can be quickly grasped without the necessity of disen-

tangling it from a mass of unimportant data. The pioneer effort in the way of a daily paper devoted exclusively to the metal markets belongs to the American Metal Market Company. Its daily publication, "The American Metal Market and Daily Iron and Steel Report," to-day publishes the best reports on production, prices and news of the metal trades, and it bids fair to become the sort of paper that is needed. The monthly publication of the same organization, "The Steel and Metal Digest," presents the same data in a somewhat less detailed and more summarized form monthly. The American Iron and Steel Association issues a monthly bulletin dealing with the statistics it has compiled. Practically all the daily newspapers in the large cities publish daily reports on the metal markets. Most of these leave much to be desired. They give only a fleeting impression of the market and are hardly trustworthy for one whose interest demands definite and detailed facts.

The work of the annual publications consists in collecting the information already enumerated and putting it in permanent form. Foremost among these is the "Annual Statistical Report of the American Iron and Steel Association," which embodies the yearly results of the work of the association. The "Directory of Iron and Steel Works," published, or revised, every three or four years by the same organization, is the only publication of its kind in the United States and is an invaluable work. "Metal Statistics," published by the American Metal Market Company, is a comparatively recent publication, the fourth edition appearing in 1911. It is somewhat smaller and more condensed than the one first enumerated and presents in a concise handy pocket volume the important data. Its statistics are taken from the compilation of the Iron and Steel Association. The "Copper Handbook," edited and published by Horace J. Stevens, is the best and practically the only volume dealing exhaustively with copper. The United States Government furnishes annual figures which cannot be obtained elsewhere. In the annual reports of the United States Geological Survey are to be found figures of the production and consumption of metals in the United States, and the annual volume on "Commerce and Navigation of the United States," published by the Bureau of Statistics, furnishes figures of imports and exports of metals. Last to be noted is the most exhaustive publication of all dealing with metals, viz: "Comparative Statistics of Lead, Copper, Spelter, Tin, Aluminum, Nickel,

Quicksilver and Silver," published at Frankfurt-am-Main, Germany. This is a compilation by the Metalsgesellschaft, the Metallurgische-Gesellschaft A.-G. and the Berg and Metalbank Aktiengesellschaft, the sources of its statistics being in many instances the organizations already noted, but they are collected here in an exhaustive way nowhere else to be found. The possession of this compilation is indispensable to one who has large interests in the metal markets.

GOVERNMENTAL REGULATION OF SPECULATION

BY CARL PARKER,
Columbia University, New York.

Public Opinion and Speculation

There are few important economic questions about which there is more confusion of ideas than there is concerning speculation. The attitude of the general public, as expressed through the press, and in the resolutions and laws of the legislatures and of congress, and the interpretation of these laws by the courts, shows a widespread lack of information concerning the buying and selling of produce and securities upon organized exchanges. This confusion seems to consist largely in two misunderstandings, viz., first, that speculation in itself is the cause of the rise or fall in prices, and, second, that speculation is identical with gambling, *i. e.*, that it serves no useful purpose, but exists only as an outlet for certain trouble-making tendencies in human nature.

It is quite natural that there should be this lack of familiarity on the part of the public with our modern mechanism for distributing commodities. This mechanism is the product of one of the most rapid series of changes in industrial organization that the world has ever known. When we recall that the first railroad was opened for traffic in England in 1825, that in 1850 there were only 9,021 miles of railroads in the United States, that the first steamship crossed the Atlantic only in 1838, that the commercial telegraph was invented in 1837, and the first successful Atlantic cable laid in 1866; when we recall these facts, we realize only in part the tremendous change which has come over the economic world within practically the last fifty years. While within this period the country's population has grown from 31,443,321 in 1860 to 91,972,267 in 1910, the production and consumption of goods have increased at a far more rapid pace, as is shown by the following comparison:

	1860	1910
Cotton	3,841,416 bales	10,650,961 bales
Wheat	173,104,924 bushels	695,413,000 bushels
Corn	838,792,780 bushels	3,121,381,000 bushels
Pig iron.....	821,223 long tons	27,000,000 tons*
Coal	13,044,680 long tons	407,000,000 tons*
Petroleum.....	21,000,000 gallons	5,388,000,000 gallons†
Gold	6,486,262 ounces	23,000,000 ounces
Copper.....	14,400,000 pounds‡	1,500,000,000 pounds‡
Crude steel.....	19,643 tons§	23,755,021 tons||
Product of national manufactures.....	\$1,885,861,676	\$14,802,147,087
Product of farms.....	\$1,958,030,927¶	\$8,926,000,000

*Approximate.

†1908.

‡Estimated.

§First Bessemer steel manufactured in the United States.

||1909.

¶1870.

Vastly more important, however, for our purposes is the equally great change that has come about partly as a result of these other changes in the organization of business itself during this same period. The most striking features of this development are:

1. The growth of large-scale production with its accompanying by-product economies.
2. The enormous conversion, largely since 1880, of partnership and one-man businesses into corporations, with the corresponding increase of stocks and bonds.
3. The combination of concerns in the same or allied lines into huge holding corporations with hundreds of millions of capital.
4. The rise of great, organized public markets throughout the country for the buying and selling of stocks and produce.

These features of our industrial growth are well known, but their close relationship and interdependence are not always borne in mind. In the year 1863, for example, the highest price of a seat on the New York Stock Exchange was \$4,500; in 1910 it was \$91,000. From a small business in the national debt and railroad securities in 1860 the business of the exchange has risen to sales of 212,563,644 shares of stock and bonds to the value (at par) of \$1,311,874,700 for the year 1909, which is a representative year. During this same year the par value of new stocks listed was

\$1,154,990,370 and of bonds \$1,009,518,600. A similar growth is characteristic of the grain and cotton exchanges. The Chicago Board of Trade was incorporated in 1859 and the cotton exchanges in the early seventies. To-day sales on the New York Cotton Exchange amount to about fifty million bales per year; while the sales of wheat on the Chicago Board of Trade each year exceed the nation's crop in this cereal by several times.

Until comparatively recent times little recognition was given to the claims of remuneration for risk-taking. Cunningham,¹ in his "English Industry and Commerce," says: "English merchants were not to forestall wine in Gascony, or buy it up before the vintage, and the time of the common passages; nor were they to charge high for the wine on the pretense that they ran risks. Cost of carriage was a charge that could be checked, and this might doubtless be allowed for when sale was made in London; but remuneration for risk was obviously regarded as a mere excuse for arbitrary demands on the part of the merchant, and these were not to be permitted at all."

To-day we recognize that risks must be taken if industry is to be carried on, and that all necessary risks must be eventually borne by the consumer in the higher price of the goods thus produced. The world is willing to pay for the necessary risks assumed in the growing and marketing of its crops, but it demands that this risk be made as small as possible. Yet how is the world to determine each year what a reasonable price for its wheat is—a price fair to the farmer who grows the grain and fair to the millions who consume it? The problem has been solved by the growth of the speculating class, men who make it their profession to study the conditions of the supply of and demand for wheat throughout the entire world, and buy and sell accordingly until the price approximates a point which gives the farmer a fair remuneration for his labor and judgment, thus insuring a continuance of the supply, and at the same time keeps down the price to the consumer as near as possible to that secured by the farmer. I say as near as possible because in no other field is competition more sharp and vigorous than on the organized markets where produce is bought and sold.

From the individual point of view, the speculator is one who

¹Vol. I, p. 294, quoted from Emery, "Speculation in the United States.

seeks to forecast changes in value, and buys and sells accordingly in order to secure as a profit the difference between the two prices. From the point of view of the trade, the speculator is that member of it who assumes the risk of changes in value of the given product as it passes from producer to consumer. His services are in the nature of an insurance to the other member of the trade. As a member of the body politic, the speculator may be regarded as embodying the keenest foresight of the community. He is the commercial scout who first discovers and reports changes in values, and thus is indispensably instrumental in the direction of the world's industry into the most efficient channels.

There are two main lines along which agitation against organized speculation has proceeded. The one is economic. It is a protest, on the one hand, from producers or sellers that speculation lowers prices, and is directed mainly against "bear" activities; and, on the other hand, from consumers or buyers that speculation raises prices, and is directed mainly against the "bulls." The moral program, however, which we will consider first, cares not for bulls or bears, or for the specific effect of speculation upon prices. It often denies, in fact, that speculation has any effect upon prices, except, to use its own expression, "to demoralize" them. It identifies speculation with gambling, and condemns both alike. Its supporters see and read about the lives ruined by unfortunate speculation on the exchanges, the defalcations of trusted bankers and employees to make good losses incurred in the market, and the hundreds of tales of woe that rise always from such centers of trade; and, as is quite natural for unreflecting individuals, especially when given the cue by an unreflecting press, they come to the conclusion that the organized market, with its facilities for all to buy and sell, is more of an evil than a good, that the whole process is gambling, according to the most radical, and should be crushed out. In Germany, this idea of crushing out the evil was put into practice with results that will be described later.

In the growing and distributing of produce the community must take the risks of fluctuations in value. How shall this risk best be taken? Who is best fitted to measure and meet it? The farmer cannot take it. He, as an individual, raises but a ten thousandth part of the crop. The consumer or the baker who buys a fractional part of the flour manufactured cannot assume it

with any success. The price of wheat, for instance, which fluctuates is a world price. The big wholesaler formerly took much of the risk of changes in the value of wheat occurring between the moment it ripened in the field and the moment it went to the miller to be turned into flour, and he still takes a large part of it. But the final evolution of the problem of risk in this field of production is the development of a trained group of speculators who give their time, ability and capital to the determination of values. They have come to express, where there is a *bona fide* market, the best judgments of the world on the value of the commodities in which they deal. The bulls take care of the interest of the farmer. They watch every opportunity to push up the price. Every failure of the crop in a local district, every bad period of weather which seems likely to bring about or increase that failure is used by the bulls as a basis for paying or offering to pay a higher price for the crop in question. On the other hand, the bears represent the consumer who is on the watch to buy at the lowest possible price. They are the agents of the bread-eating public to see that every factor tending to lower the price has an adequate effect in lowering the price, as far and as soon as possible. For this service of acting as a medium through which the forces of supply and demand act with the least friction, the speculator receives his speculative profits. These may at times be large, but they are no larger than profits gained in any pursuit. Exceptional ability invariably commands exceptional returns.

Most people have yet to learn that they cannot speculate successfully because they are allowed, and are able, to buy and sell produce on a ten per cent margin. When we reflect that something over ninety per cent of all people who go into business for themselves fail, we should not be surprised that of the thousands of "outside lambs" who attempt to assume the risks of one of the most uncertain occupations in the business world, and one about which they know little or nothing, the great majority should fail, and fail in a very short time to an extent not even always limited to their capital. The real problem in this connection is not to destroy organized speculation and go back to the uneconomical methods of the past, but to give individuals who have a special aptitude for speculation the best training we can for that difficult occupation, and let them do the speculating just as certain specially trained

classes take care of our bodies, our souls, and our legal rights. But, as in these three latter cases, a well-informed and aggressive public is indispensable to the development of the greatest merit, so in speculation, public education on the subject is the best guarantee that the organized market will be put exclusively to the use for which it was established.

As to the objections to speculation that it raises prices, or lowers prices according to the point of view, it is only necessary to point out that speculation has always existed where uncertainty exists, that it is the effect of conditions and not the cause of them, that its object and reason for being is to foresee and anticipate price changes by buying and selling and not to create them. As by speculation, however, its critics usually mean the trading in "futures," I may quote from a report (1901) of the United States Industrial Commission on the "Distribution of Farm Products," in which this feature was specifically discussed.

On page 213 of this report, after several pages of tables and charts containing spot (cash) and future prices, the following summary is given: "Out of fifty-seven different futures compared with the spot (cash) prices realized in the New York cotton market from 1881-82 to 1899, in twenty-nine cases the futures proved to be higher than the spots realized three months hence, and in twenty-eight cases the futures were lower than the spots at maturity—that is, the speculative judgment anticipated the realized value of cotton a little too favorably in half the cases and not quite favorably enough in the other half.

"In the Liverpool market, out of fifty-seven cases (1881-82 to 1899) of comparison of future bids with spot prices realized at the expiration of the contract period, it appears that in thirty cases the future prices were lower than the spot prices realized at maturity of contract, and in twenty-seven cases the future prices were higher than the spot prices realized at maturity. In the New Orleans market, out of fifty-seven cases, in twenty-five of them the future price was lower than the spot price realized three months later, and in twenty-six cases the future price was higher than the spot price.

"These results would seem to support the conclusion that, in the long run, the speculative quotations for future delivery are neither uniformly above nor below the level of the proper cash

value of cotton as determined at the future date, but that they are tentative anticipations of such realizable value as the conditions of the supply and demand are most likely to determine at the time when the future contract matures." . . .

Again, on page 233, the report continues: "As we have attempted to show, it is a mistake to represent speculation in futures as an organized attempt to depress prices to the producers.

"First. Because every short seller must become a buyer before he carries out his contract.

"Second. Because, so far as spot prices are concerned, the short seller appears as a buyer and not a seller, and, therefore, against his own will is instrumental in raising prices.

"Third. Because, as far as 'future' prices are concerned, the 'bull' in speculative buying counteracts the effects of speculative selling by the 'bear.'

"Fourth. Because the 'bull' in his realizing operations when depressing prices are counteracted by the opposite effect of the 'covering' movements of the 'bear,' the two sides thus keeping the market price about where it would be kept in the long run if instead of 'bulls' and 'bears' there would be ordinary legitimate buyers and sellers.

"Fifth. Because, as has been shown, future sales are not made at a uniformly lower price than the corresponding spot price, but, on the contrary, are on the average a little above spot prices to meet the cost of storage, interest and other charges.

"Sixth. Because, as has been shown, neither the 'bulls' nor the 'bears' are uniformly on the winning side, but are about equally winners and losers, thus proving that one is about as important and influential a factor in the market as the other.

"Seventh. Because evidence, believed to be conclusive, has been presented showing that, under speculation, prices prevailing at the time when producers dispose of the greater part of their products are greater in comparison to the rest of the year than they were before the advent of speculation."

This last point refers to a comparative study of prices before and after speculation began, on both the wheat and cotton exchanges. The figures show that month to month fluctuations have steadily diminished in extent but increased in frequency from the earliest date, 1840; and, as pointed out above, the natural tendency

to falling prices, when the new crop comes on the market, has not only been counteracted by the development of speculation, but has been turned into an opposite movement, making the April and May price differ from the fall price only by the cost of storage, interest, etc., and sometimes even by not so much as these. The results of a study of the figures from the Berlin wheat market for forty years show substantially the same relation between futures and spots as in the case of Liverpool and the American exchanges.

The misconception of the function of "futures" is due to a lack of a broad grasp of the trade situation. We have, on the one hand, in the case of both cotton and grain, a multitude of unorganized producers, many, if not most, of whom must sell their crop which may be large or small (fluctuations run into the millions) as soon as produced. On the other hand are the millers or cotton manufacturers of all degrees of wealth and policy, who must have the raw material for their mills. How can these two parties, buyers and sellers being in all parts of the globe, be best brought together? How is the price of the grain or cotton to be best fixed for the world, if not by the representatives of the two interests meeting at some common place with good transportation and telegraphic facilities, and bargaining for their respective clients.

Market conditions affecting the value of the two crops are changing every day. What cause for wonder is it that the same bale of cotton or the same bushel of wheat should be sold over and over again in a given season, or that a special class of traders should have gradually developed giving all their time to the determination of these conditions and their effect on the prices of the two articles? When farmers must be paid at once and millers and manufacturers buy only from month to month, some arrangement must be made to accommodate the two. When millers and manufacturers contract far ahead for the delivery of flour or cloth, they must know something about the price which they must pay for their raw material, which perhaps they will not need nor be able to purchase for cash for several months. When the farmer plants cotton or wheat he ought to know something about the price he is to receive for his crop. When his market is the haphazard buying of the manufacturers and millers, what guarantee has he either of its steadiness or a fair price? This was the condition before the war when prices notoriously fluctuated and the big dealer had the

local farmer at a greater disadvantage than usual, with no central market publishing daily reports of the world prices. Now, the organized market stands ready at any moment to take over the farmer's crop and pay him for it the cash price. Whether he chooses to throw his entire crop on the market as soon as produced or to store and insure it himself, the price is maintained, and is ready for him every day of the year.

The arrangement by which all these results are obtained is the "future," that is, the right to contract for months ahead on a small cash payment to deliver or pay for so many bales of cotton or bushels of wheat. The "future" contract in every department of business has made possible the disappearance of the old hand-to-mouth economy and enabled business men to live like rational beings with their work well planned many months or years in advance. Organized speculation not only transfers the burden of risk from one pair of shoulders to another better fitted to take it, but it cuts down the risk of over- or under-production for the community, of any one commodity. Too often the occasional wild flurries, the sensational corners, the streaks of good or bad fortune of some individual are heralded as indications of the nature of the exchange, while its steady everyday services to commerce and industry are passed by unnoticed.

Let me call attention to some of the main items from a recognized authority that can be placed to the credit of speculation. From the final report of the Industrial Commission, 1902, page 186, "The three great functions which speculation performs in a free system of trading are:

"First. To localize the risks of distribution among a special class of experts presumably well informed as to the facts of supply, demand, credit, exchange and the cost of distribution.

"Second. To relieve producers and consumers alike of the expense and risk of being responsible for a year's production, thus freeing the cash income of both of these economic interests for other uses than those of protecting and providing a long-term supply of utilities.

"Third. To reduce the profits of trade by ready and active competition among the various speculative interests toward a minimum of cash per unit of the commodity handled, by conducting distributive operations on a large scale.

"Throughout the East and West it appears to be the general practice of millers on a large scale, who make contracts for delivering flour in the future, to purchase in the market for 'futures' a corresponding quantity of wheat against the contract for the delivery of flour which they have assumed. This system, as stated by entirely trustworthy representatives of the trade, has been found to be absolutely necessary in order to prevent the miller from assuming the extraordinary risks of changes in the market value of wheat. Only the more speculative and daring millers would undertake to fulfil future contracts without exercising this precaution of purchasing wheat 'futures.' In considering the question of whether buying and selling of 'futures' is consistent with the welfare of the producer, this aspect of the practice must be regarded as buying and selling insurance against loss.

"The economic position of warehousemen in handling agricultural products under the present system is somewhat similar to that of the miller. The warehouseman with a million of bushels of grain in storage is obliged in some way to secure himself against loss from a fall in cash prices in the future, by selling 'futures' at a price which will cover his outlay. This absolutely eliminates that million bushels of grain from the class of risks which the business has to run."

Speculation and the Law

In England, as in this country, there have been relatively few attempts to regulate or restrict organized speculation as carried on to-day. In France the Bourse of Paris is a semi-public institution, and the consent of the Minister of Finance must be obtained to the appointment of new brokers and to certain other actions; but, in the main, French exchanges, as regards their internal arrangements, are left very largely to themselves.

Until 1896 there was almost a complete lack of statutory regulation of exchanges in Germany. In that year, however, legislation was enacted of so radical and repressive a nature that it may be well to call attention to its provisions and their effects before reviewing the American federal and state activity in this direction.

The impetus to this legislation² came from the failure of certain large banks of Berlin in 1891 in connection with the misuse of their deposits and with evidence exposing an undue amount of speculation on the part of the public. In 1892 a commission was appointed by the imperial government, with Dr. Koch, president of the Reichsbank directorate, as chairman, with a majority of the membership being lawyers and a representation of landed proprietors, merchants and economists, to consider the whole question of the Bourse.

Without going into the details of its investigations and report, which latter was made November 11, 1893, recommending certain statutory and administrative changes, it is fair to say that its work was well and impartially done, and its attitude and recommendations both judicious and prudent. The imperial government, however, especially the Reichstag, being influenced by the agrarians, or rural landholding party, proceeded to make regulations much more stringent than those recommended by the commission.

The "exchange act," as it was called, became law June 22, 1896, and went into effect January 1, 1897. It contains provisions under five main headings: (1) General organization; (2) quotations of prices and duties of brokers; (3) the listing of securities; (4) transactions for future delivery; and (5) dealing on commission. It is with the fourth heading that we are chiefly concerned in this article, viz., that prohibiting all "exchange dealings for future delivery" in grain and flour, and also all "exchange delivery for the account" (to be settled on "account" day a month hence) in the shares of mining and industrial companies. The next important provision was the establishment of an "Exchange Register," in which was to be entered the name of every person engaging in future transactions. Contracts made by two persons entered in the register were declared binding and exempt from the defense of wages. Where either party was an unregistered person, the contract was void, and either party might evade payment if his operations were ill-judged by putting forward the defense of wager.

As pointed out by Emery, there were three real and supposed evils which these provisions sought to prevent, viz., (1) the manipu-

²The following account has been taken largely from Emery in "The Political Science Quarterly," 1898, and "Yale Review," 1908-09, and Ernst Loeb in "Quarterly Journal of Economics," 1897.

lation of prices by short sellers, cornerers and others, especially against the interests of the producers, (2) the fraudulent or "tricky" manipulation of prices of stocks by "insiders," (3) the demoralizing and disastrous participation of the outside public in speculative transactions.

The last provision was expected to keep members of the public out of the market, in continental countries stocks and produce are dealt in on the same exchange, because, it was thought, they would not dare to announce themselves publicly as speculators by registering; and not being registered, and thus able to make a void "future" contract, would not be trusted as customers by the bankers and brokers who engaged in the selling of stocks.

The two former provisions were intended to prevent "future" trading in grain, which, according to the agrarians, lowered wheat prices, by overfilling the market with "wind" wheat, and to remove the opportunity from headstrong and ignorant individuals of injuring their morals and their fortune by buying or selling shares in mining or industrial companies for the account.

It now remains to examine the working of these German laws. The regulation as to registration proved a lamentable failure, and in 1908 was repealed. Despite the efforts of the leading banks to require registration by refusing to deal with unregistered persons except in purely cash transactions, not only the general public, but even the smaller brokers and provincial banks, declined to put down their names in what they called the "gambling register." The number of registrations never reached four hundred, of which not so many as forty were "outsiders."

Where the cash transactions did increase, it was found that they were no less speculative than time dealings, and being deprived of the regulative action of the short seller the market became one-sided. Bull movements went higher than formerly; the crash was more disastrous, and fluctuations increased in violence. But the unregistered public did not turn wholly to cash dealing because of the ruling of the big banks. They found plenty of smaller concerns, and later the banks themselves, who were forced by failing trade to revoke their rule, willing to deal for them on the strength of personal honesty alone and to make contracts unenforceable by law. This opened a new field to professional crooks who, when they could induce a broker to trust them, defaulted on their losing

ventures, recovering their margins as well as the loss from the broker. Not alone the small jackal of the market, but well-to-do merchants and sometimes bankers appeared as defendants in these suits. Cases occurred where a man would buy and sell the same stock at once through two different brokers and refuse to settle on the losing contract. Opportunities for speculation were not at all removed. In fact, an added "tang" was given it to the adventurous who enjoyed the excitement of the increased uncertainty, while careful men easily could and did transfer their business to foreign markets, especially to London, Budapest, Paris and Amsterdam. Foreign agencies multiplied in Berlin and tax receipts on stock transfers fell from 20,000,000 marks in 1895-6 to 13,000,000 marks in 1902-3. Telegrams received at the offices of the exchanges fell eighteen per cent from 1893 to 1902, and in other offices increased forty-three per cent, showing the shifting of speculation from the organized exchange to the hands of the individual house, and not a decrease of such transactions.

As for the prohibition of account trading in industrial and mining stocks, it is not necessary to go further than the statements of the German government itself to make an explanation of the reasons for repeal provisions attached to the amendatory bills of 1904, 1906, and 1907. The report of 1907 says, in referring to the above, it "has proved injurious to the public, without accomplishing its original purpose." Whatever evils of speculation there were, it declares, have been increased by forcing a resort to new methods, especially cash dealings, and by the narrowness of the market resulting therefrom. Quoting from Dr. Emery further, in his admirable article, "Ten Years' Regulation of the Stock Exchange in Germany," in the "Yale Review," 1908-09, the results of the law may be summarized as follows:

"Fluctuations in prices have been increased rather than diminished. The corrective influence of the bear side of the market has been restricted, the tendency to an inflated bull movement was increased in times of prosperity. This in turn made the danger of radical collapse all the greater in proportion as the bull movement was abnormal. The greater funds needed to carry stocks on a cash basis further increased the danger when collapse was threatened. The result was an increased incentive to reckless speculation and manipulation." Says the German Government report of 1907:

"The dangers of speculation have increased, the power of the market to resist one-sided movements has weakened, and the possibilities of misusing inside information have enlarged."

The last provision we shall consider is the prohibition of "futures" on the produce department of the Bourse. The first result of the attempt to enforce this, along with the appointment of a board representing the agriculturists to assist in the management of the exchange, was the secession of all the produce brokers from the exchange building, leaving the government appointees no brokers to preside over and the representatives of agriculture no colleagues. The seceding members moved across the street and took up new quarters. Here they carried on their trading for future delivery, but without the acknowledged organization of the exchange, the machinery for clearing, the official announcement of prices, and with their printed contract forms containing the express announcement that the established usages of the grain trade were not there in force. All business was done under the general commercial law governing delivery on contracts. While grain was thus bought and sold for future delivery, and while short selling continued as before, still there was much hesitation and uncertainty.

Then the agrarians, in the newspapers and on the floor of the Reichstag, grew bitter in denouncing the government's unwillingness to enforce the law, claiming that this organization constituted an exchange within the meaning of the act, and that illegal trading was still being carried on. Some months after this the government notified the brokers that it considered their organization an exchange and forced them to leave their new quarters. They next took refuge in a hospital, in the various adjoining rooms of which each broker claimed to have an individual office and to be doing a strictly office business under the commercial law. They had no formal fixed rules as to "contract grade," "option of delivery," etc., published no price-list and had no clearing house. However, a private agency soon arose, offering to clear settlements for those who chose to patronize it, which amounted to a practical re-establishment of the clearing house.

Although speculation in "futures" had not been thus entirely stopped, it had been so hampered and harassed as to begin to show the effect of its cessation upon the grain trade. With the disappearance of the central barometer of conditions, the Berlin price-list,

disorganization began over the whole country. As the central price-list faded away, the local markets increased in importance. But as these were hampered by the same law, were authoritative only for the surrounding country, and varied widely as to rules for dealing, contract grades and prices, they were of little help in aiding the farmer or the miller to determine what a fair price for his grain was. The agrarians themselves began to see that the Berlin Bourse had performed a certain service, and endeavored to procure a substitute for the former central price reports. It was even advocated that the government establish a board to collect all the local prices and, on the basis of these, fix a price arbitrarily. This was not carried out, but a board was established to collect and publish three sets of prices, local "spot" prices, Berlin, Danzig and Stettin, and a few other large market prices, and prices on foreign exchanges, which latter are exactly of the speculative sort that were abolished in Berlin. The inadequacy of these prices is easily seen. The two former are local prices under local conditions. They are figures of sales that have taken place and not of prices at which future sales may be made. The foreign prices are of little use to the German producer, who does not normally export grain, but have become increasingly important to the miller for hedging operations, for instance, which are now made on the Amsterdam and Hungarian exchanges, and even, it is said, in Chicago.

Under these conditions of uncertainty, caused by the lack of an authoritative central market quotation list, based on prices at which sales are continuously taking place, it is quite probable that the buyers, feeling the need of greater caution, were less liberal than otherwise in making offers to the producers, and the latter less able to inform themselves as to whether they are being fairly treated by the big dealer than when they could refer to the Berlin prices. It is impossible to say yet what has been the influence of the suppression of short selling upon prices. It must be borne in mind that by undergoing a little more expense, dealers can still and do take advantage of the foreign speculative market for their hedging operations. Furthermore, this experiment came during the recent period of rising prices throughout the world, a rise which cannot be attributed to German legislation. It was averred by the Liberals that German prices for lack of the former speculative demand have

lagged far behind prices in foreign markets, to which the agrarians replied that German prices are normally lower than foreign prices, and that the difference is less now than under the old system.

The agrarians, however, were not at all satisfied. On the one hand, they complained that a more reliable determination of prices has not been introduced, and demanded a compulsory declaration to some authorized body of every sale of grain, stating in each case the quality, conditions of transfer, and the price. On the other hand, they asked for the suppression of such speculation as still continued.

Several conferences between representatives of the two parties were held, and finally, in 1900, the produce brokers returned to the exchange, still forced, however, to keep to the cruder devices in order to avoid the law, and in a state of legal uncertainty as regards their contracts. In the law of 1908, repealing the provision against "futures" in the stock market, the agrarians were still influential enough to make the prohibition of grain "futures" still more restrictive, a measure which caused the traders to threaten to close the exchange altogether. They were assured, however, by the authorities that "hedging" operations would be permitted.

Federal Regulation in the United States

Many of the states have laws, which will be discussed later, prohibiting in one form or another what the authors thought to be the evils of speculation, but the ineffectiveness of these laws has led to determined attempts to secure federal legislation on the subject.³ In 1890 a bill, the first of the "anti-option" bills, was introduced by Mr. Butterworth, of Ohio, but never came to a vote. Its most important features were included in bills introduced in the next congress in 1892 by Messrs. Hatch, of Missouri; Alexander, of North Carolina, and Brosius, of Pennsylvania. These bills were referred to the committee on agriculture, which reported back a new bill, known subsequently as the Hatch bill, on which the discussion in both house and senate centered.

The first section defined "options" as privileges or "puts" and "calls," while the second section defined "futures" as contracts for future delivery where the seller was not at the time in possession of the property contracted to be sold, and had not acquired a right

³Emery, "Speculation in the United States."

to the same. Contracts made with federal, state or municipal governments were exempted, also contracts made by farmers or planters to deliver grown or growing crops at a future date. Prohibitory transfer taxes and heavy license fees were laid upon dealings and dealers in the commodities to which the bill referred, and each dealer was required to give bond to the amount of \$40,000. The commodities enumerated were raw or unmanufactured cotton, hops, wheat, corn, oats, rye, barley, grass seeds, flaxseed, pork, lard, bacon and other edible products of swine. The bill was designed to kill exchange speculation by repressing short selling.

The bill was fully debated in the house and passed that body by a vote of 167 to 46. In the senate it was also warmly debated and passed with amendments, one including flour in the list of articles mentioned above, 40 to 29, and was then returned to the house for concurrence. On the motion of Mr. Hatch to suspend the rules and take up the bill at once, the vote was 172 to 124, less than the two-thirds necessary. Congress expired before the bill could be reached in its turn.

In the next congress a similar bill was introduced by Mr. Hatch. It went to the committee on agriculture, was referred back with some changes, defining a "future," for instance, as a contract for delivery of the products specified at some future time, and imposing stamp taxes on speculative contracts, which were required to be in writing and in duplicate. The bill passed the house June 22, 1894, by a vote of 150 to 89, not voting 114. It was sent to the senate, referred to the committee on agriculture, reported back, but never came to a vote.

When Mr. Hatch, of Mississippi, and Mr. George, of Missouri, left congress there was a temporary lull in the introduction of "future" and "option" bills. The near-panic of 1903, with accompanying speculative turmoils, aroused, however, a new host of "antis."

In the third session of the fifty-eighth congress a bill was introduced in the house by Mr. Jack Beall, of Texas, to "encourage and promote commerce among the states and with foreign nations, and to remove obstructions thereto." Another was introduced in the senate by Mr. Berry, of Arkansas, "to define 'options' and 'futures,' to make such contracts illegal, and to provide penalties for violation of the law."

The first bill was referred to the committee on interstate and foreign commerce, and the second to the committee on judiciary, but neither was reported back.

In the first session of the fifty-ninth congress Mr. Clay, of Georgia, introduced a bill similarly entitled as Senator Berry's, and Mr. Beall, along with Mr. Smith, also from Texas, introduced each a bill similar to that of Mr. Beall's previous bill. These three bills met a fate similar to that of their predecessors. In the second session, Senator Culberson, also of Texas, introduced a bill "to prohibit interference with commerce among the states and territories and with foreign nations, and to remove obstructions thereto." This bill died in the committee on agriculture and forestry. In the house, Mr. Macon, of Arkansas, introduced a bill "to prohibit interstate buying or selling or otherwise dealing in what are known as futures," and Mr. Burleson, of Texas, again introduced a bill similar to Mr. Berry's mentioned above. Neither of these bills was reported from committee; but Mr. Burleson, on pretense of offering an amendment to an appropriation bill, managed to address the house with a violent attack on the New York Cotton Exchange, and asserted that, despite the failure of the anti-gambling crusade of 1894, that he and a small group of associates were determined to press the matter as long as they remained in congress.

It remained for the sixtieth congress, after the panic of 1907, to break the record in the introduction of bills condemning and prohibiting "futures" and "margins," which latter term some congressman had discovered, and "options." Senator Jeff Davis even wished to prevent anyone from "gaining or losing sums of money called margins from the fluctuations in value of the products of the soil," which recalls to mind the motion offered once by a western congressman to repeal the law of supply and demand. In all there were twenty bills introduced by members from Texas, Arkansas, Oklahoma, Georgia, Alabama, Missouri, Kansas, Mississippi, Iowa and Tennessee. To go into the provisions of each would be unnecessary, as they are much alike; and none of these bills was debated or voted upon.

In the sixty-first congress thirteen bills were introduced by southern or western congressmen. A bill was reported back from the house committee concerning cotton "futures" with amendments striking out several sections, but was not debated and never came

to a vote. In the first session of the sixty-second, the present congress, which began April 4, 1911, eight bills were introduced by Messrs. Burleson, Beall, Rucker, Ferris, Robinson (of Arkansas), Macon and Oldfield, none of which came to a vote. It is probable that the question will continue to come up for some time, until the western and southern states, from which the protests chiefly come, reach a higher level of commercial experience and economic education. Most of the bills mentioned above prohibit "short selling," dealings in "futures," on "margins" and "options" in the grain and cotton markets, though some bills refer exclusively to one and some to the other. They are modeled largely on the plan of bills which have been already introduced or become laws in their respective state legislatures, to which legislation we shall now turn.

Before leaving the field of federal activity, it may be well to call attention to the recent report of the Bureau of Corporations upon the Cotton Exchanges made in pursuance of the following request of the House of Representatives, February 4, 1907: "*Resolved*, That the Secretary of Commerce and Labor, through the Bureau of Corporations, be, and hereby is, requested to investigate the causes of the fluctuations in the price of cotton and the difference in the market price of the various classes of cotton, and said investigation shall be conducted with the particular object of ascertaining whether or not said fluctuations in the prices have resulted in whole or in part from the character of contracts and deliveries thereon made on the cotton exchanges, dealing in futures, or is the result of any combination or conspiracy which interferes or hinders commerce among the several states and territories or with foreign countries."

The report was presented by Mr. Herbert Knox Smith, Commissioner of Corporations in 1908-09, and presents substantially the following conclusions:

I. The future system when properly conducted is of permanent benefit to the cotton industry in general, of particular benefit for the "hedging" operations of cotton merchants and the spinners, and productive of a higher price to the producer or a lower one to the consumer, or both. Its mode of operation is, contrary to the common form of insurance, to concentrate the risks of changes in value upon a special class, the speculators, rather than to distribute them among a large body of policyholders.

2. That, owing to the policy of the New York Cotton Exchange in maintaining a "fixed difference" system of prices based on the price of "middling" rather than a "commercial difference" system, hedging operations are not facilitated, producers sometimes do not thereby obtain the proper market price for their product, and the future system is abused by a small group of cotton dealers for their own narrow purposes.

State Legislation Affecting Speculative Markets

New York.—To begin with the states in which the most important markets are situated, and where the community has had most experience with the workings of organized speculation, New York enacted a law in 1812, declaring all contracts for the sale of stocks or bonds void, unless the seller at the time, was the actual owner or assignee thereof, or authorized by such owner or assignee to sell the same. A similar prohibition was made in England in 1733, but had no effect in stopping speculation, and was repealed in 1860. The New York statute was repealed in 1858, the language used being a complete reversal, providing that no contract should be void because the property sold was not at the time in possession of the seller. As Emery remarks: "this affirmatively legalized short sales."

In 1908, Governor Hughes appointed a committee to report upon the legal side of speculation in securities and commodities with a view to possible changes in the state laws relating to such. The committee reported the following year, pointing out several evils of organized speculation, and recommending some additions to the law of the state covering the subject. In the main, however, the committee felt that the evils could best be dealt with by the Governing Board of the Exchange itself, and took occasion to warn the Stock Exchange that if it did not assist in correcting the abuses that had sprung up, it would have only itself to blame if state regulation ensued. The committee defended "futures" and "short selling" as entirely legitimate and necessary accompaniments of modern, scientific business. It made little complaint of the New York Produce or Cotton Exchange, except to advise the discontinuance of dealing in mining stocks on the former and a more rigid suppression of inordinate speculation on the latter. As a result of the report, some important changes were made by the Stock Exchange

in its constitution. The other exchanges indulged in some discussion, but no law was enacted by the legislature.

In Pennsylvania, in 1841, an act was passed making short selling a misdemeanor, with a fine of from \$100 to \$1,000. Money paid was recoverable. This law was repealed 1862.

In Illinois, the following statute was passed at an early date:

"Whoever contracts to have or give himself or another the option to sell or buy at a future time any grain or other commodity, stock of any railroad or other company, or gold, or forestalls the market by spreading false rumors to influence the price of commodities therein, or corners the market, or attempts to do so in relation to any of such commodities, shall be fined not less than \$10 nor more than \$1,000, or confined in the county jail not exceeding one year, or both; and all contracts made in violation of this section shall be considered gambling contracts and shall be void."

In the ensuing court decisions "option" has sometimes been held to mean what it properly should, "puts" or "calls," but in other cases has been applied by the courts to the regular future contract where there was an agreement to settle by differences. The interpretation was that the party had an option of delivering, or settling by differences. The ordinary option or "privilege" is where the party may deliver or not as he elects. At any rate, it is said that the law has very little effect, options still being traded in to a large extent in Chicago, while corners and false rumors are not unknown.

In Massachusetts also, an act was passed in 1836 forbidding short sales of stock or bonds, but has not stopped speculation in that state.

With the exception of these few states where speculation developed comparatively early, there seems never to have been any widespread agitation against speculation until the early eighties following the "boom" period that came with the resumption of specie payments. In 1882, Ohio passed an act similar to that of Illinois, explained above. In 1885 a still severer act was passed condemning futures, but was repealed in 1889.

The constitution of California, adopted in 1879, contained a provision that "all contracts for sale of shares of capital stock of any corporation or association on margin, or to be delivered at a future day, shall be void, and any money paid on such contracts may be recovered." This section of the constitution was amended in 1908.

In Georgia, an act directed against future contracts was held by the courts to make ordinary exchange contracts illegal. Mississippi has a law, passed in 1882, which requires the mutual agreement of parties not to deliver to make the contract void. Tennessee, in 1883, Arkansas in 1883, Texas in 1885, South Carolina in 1883, Michigan in 1887, Iowa in 1886 and Missouri in 1889, passed laws the substance of which is that "futures" and "options" are illegal where there is no intent to actually receive or deliver the article sold.

In 1890, the Massachusetts legislature passed the following act: "Whoever contracts to buy or sell upon margins, without intent to actually receive or deliver, may sue for any payment made." The same year, a law in North Dakota restrained public officers from speculating while in office.

Through the nineties there was a temporary pause in legislative assaults upon speculation, the panic of 1893 apparently not being attributed to the direct efforts of speculators. In 1898, another period of legislative and executive activity began, with the movement against the trusts and monopolies as its main objective and the opposition to organized speculation a minor issue. This movement culminated in 1907-'09 as is indicated by the bills introduced in Congress, as well as the laws passed in the states, although agitation is still continuing, and with the change in the political complexion of the administration, there is a likelihood of a still greater amount of radical legislation.

In 1898, Louisiana adopted a new constitution providing that the legislature should pass laws to suppress dealings in options or futures on agricultural products or articles of necessity. Combinations to force the price of such products up or down for speculative purposes were declared unlawful. In conformity with this provision, the legislature, the same year, passed an act, prohibiting dealing in futures on agricultural products or articles of necessity, when the intention is not to make a *bona fide* delivery.

In 1901, Massachusetts amended the law of 1890, prohibiting wagering contracts in stocks or commodities where no purchase is intended. Lack of seller's ownership is evidence of a wagering contract.

In 1905, indications appeared of a discrimination on the part of legislatures between gambling and speculating. Minnesota passed an act prohibiting "bucket shops" and bucketshopping. North Caro-

lina made it a misdemeanor, on the other hand, to deal in "futures," pardon being given to the one turning state's evidence. North Dakota prohibited operations in bucket shops. In 1906, Georgia passed an act enforcing a penalty for dealing in futures. State's witnesses are given immunity. *Bona fide* trade not prohibited. In 1907, Alabama prohibited dealings in futures, making such contracts void and compelling witnesses to testify under immunity. Arkansas prohibited bucket shops, and dealing in futures, or on margins, witnesses testify under immunity. Florida made it unlawful to deal in cotton futures; Montana prohibited gambling and dealing in futures; Nebraska suppressed bucketshopping and gambling in stocks; and Vermont passed an act to restrain stock gambling.

In 1908, California by constitutional amendment made contracts relative to stock speculation void. The Louisiana legislature memorialized Congress to correct abuses of trading in cotton futures; and Mississippi prohibited bucket shops and made contracts for the sale of certain commodities, stocks and bonds, where actual delivery is not intended, void. Four states,—New York, Oklahoma, Rhode Island and Virginia—also defined and prohibited bucketshops.

In 1909, Kansas, New Hampshire, Arizona, Iowa and Tennessee passed laws substantially like the one here taken from the statutes of Kansas. According to this law, maintaining, or aiding in maintaining a bucket shop, is a felony. A bucket shop is defined as a place where the business is conducted of—(1) making or offering to make contracts for the purchase or sale of stocks or commodities, where both parties, or said proprietor, intend that settlement shall be based upon prices prevailing upon some exchange, without any *bona fide* transactions upon such exchange, or (2) where such contracts may be closed or terminated when the market quotations of articles dealt in shall reach a certain figure, or (3) when settlement is made by difference and no delivery or receipt is intended. Telegraph and telephone companies and their employees who permit the transmission or making of any such sales over their lines are guilty of felony, as are also persons knowingly allowing use of their buildings for such purpose. The mere offering to make such purchases or sales shall constitute a felony. The law also declares it the duty of every broker or commission merchant to furnish a written statement to the principal or customer of the name of the other parties to the con-

tract, the time of sale or purchase, the place of sale or purchase, and the price at which the transaction took place.

This act and the one of Iowa are intended to amend and take the place of repealed parts of earlier laws. Arizona prohibits "hedging" contracts, but provides that nothing in this act is to be construed to prevent *bona fide* dealings on boards of trade, or exchange. Wisconsin placed an unusual act on its books in the same year (approved June 10, 1909,) whereby sentence is provided of not more than ten years or less than one year in the state prison for any officer or employee of any bank, banking company or trust company, any executor, administrator, guardian, trustee, or receiver, or any other person holding property or money in any manner in a trust capacity, "who shall buy, sell, deal or traffic in any goods, stocks, grains, etc., by making or requiring any deposit, payment, or pledge of any margin or money to cover future fluctuations in the price of such articles." The same legislature also passed a joint resolution to the effect that "Whereas, the recent wheat deal has again demonstrated to the American people that even the bread supply of our land is at the mercy of speculators; and, Whereas, the recent panic has demonstrated that it is unwise and unsafe for our country to allow the control of our great commercial and industrial conditions to exist in the hands of stock gamblers without check of any kind, and, Whereas, it is of interest to all citizens to know the means by which the huge combine of money in Wall Street can be manipulated," etc.: "Be it resolved that the delegation in Congress be instructed to work for a thorough investigation of the Stock Exchange."

In 1910, various acts of a similar nature to those above were passed in Wyoming, Kentucky, South Carolina, New Jersey, Virginia, Louisiana, Rhode Island and Mississippi. Ohio penalized the making of false financial statements inuring to the benefit of the maker.

By the foregoing account, it is seen that this legislation is not confined to any part of the United States, but has been tried, or is being experimented with in almost every state of the Union. The history of such legislation, as well as its interpretation by the court of the various states, shows that the older commercial states have passed anti-option, future, or short-selling laws, discovered their ineffectiveness and undesirability, and repealed them, for the

most part, before the Civil War. The agricultural and newer states, particularly in the South and West, have passed the most stringent acts, with special attention paid to short-selling. Another point that may be noted is the absence of distinction between the bucket shops which are confessedly but gambling devices, and Exchanges or legitimate Boards of Trade. In part, this confusion has been caused by the practice of proprietors designating their gambling resorts as boards of trade, exchanges, etc., and equipping them with all the outward forms of the regular business. There seems, however, to be a trend of opinion toward the recognition of the important functions of the organized exchange, and at the same time, of the necessity of stamping out the bucket shop which mimics the operations of the former and uses its business standing as a cloak to protect its existence. The state of West Virginia is an exception, actually having a law licensing and permitting the operation of bucket shops.

The court decisions upon cases arising under these statutes are numerous and varied, depending upon the law and the state in which they were rendered. Some of the decisions in the same state are conflicting, especially in Pennsylvania, where there seems to be the greatest chaos and where the decisions are out of line with both the law of England and of this country.

It seems to be well settled, however, in the common law of England and the United States, and under the decisions of the New York and the highest Federal courts, that the sale of property to be delivered at some future time is entirely legal, even though the said property is not at the time of sale in the possession of the seller. It seems to be equally well established, in case the two parties to such a contract of sale intended at the time of sale not to make or receive an actual delivery, but to settle their bargain by payment of differences on the future price of the article in question, that the transaction is a gambling one and is void. As one judge has remarked, "the principle of the law is clear; the trouble arises when its application is attempted to a concrete case. Further, almost all discrepancy seems to arise through lack of a complete determination of the facts, or the unwillingness or inability of the judge to understand their real nature."

This latter feature has given rise to many contradictory decisions, and it may be well in view of the importance of this point to draw here some distinctions between gambling and speculation.

Both H. C. Emery and the Hughes Committee define speculation from the individual point of view as dealing in property with the intent to make a profit from its fluctuations in value, but the Hughes Committee goes on to say—in reference to speculation: “it may be wholly legitimate, pure gambling or something partaking of the qualities of both,” and after citing a legal definition of the two on page 4 of the report in pamphlet form, “the rules of all exchanges forbid gambling as defined by this opinion; but they make so easy a technical delivery of the property contracted for, that the practical effect of much speculation, in point of form legitimate, is not greatly different from that of gambling.” It is clear from these quotations that the Commission had in mind merely the moral and pecuniary effects of speculation and gambling upon the particular individual concerned, for no one could scarcely maintain that the effect upon prices of buying and selling, no matter how rapidly, or upon how slight a margin the dealing should be carried on, would be the same as when there were no purchases or sales, the settlement being made merely on the basis of prices established by other’s transactions. The definition framed by the committee would make the decision turn upon the character of the individuals engaged in buying and selling. If they failed, they were gambling, if they succeeded, they could be termed legitimate speculators. It is estimated that over nine-tenths of all who engage in business, fail to succeed. We may as well say that they are gamblers if we call the unsuccessful in speculation such. Of course, all events in life, all persons are subject to the universal uncertainty of our situation, but it is going a long way to apply the term gambling to the struggle for existence, unless we seek to justify the term.

As generally used, however, I believe “gambling” can be defined as the assumption of an unnecessary risk, when the risk applies only to wealth. By unnecessary, I mean unnecessary to the welfare of the community. It is the speculator who assumes the risk of changes in value which occur so rapidly and unexpectedly in certain securities and commodities. I cannot see what the condition of the individual’s mind, his knowledge of what he is doing, or his intentions, have to do with the nature of his activity in this case. Whether he believes he is unjustifiably gambling, or legitimately speculating, what he actually does is to contract to buy and sell property, and whether his contracts are “rung out,” or go through

the clearing house, what he has actually done is to receive or deliver or both receive and deliver, as the case may be, the property which he previously contracted to buy or sell. The fact that large numbers of ignorant and hopeful persons, trusting in their lucky star, persist in buying and selling grain and cotton on inadequate margins does not alter the essential nature of such transactions, although, of course, it may affect greatly the course of prices, and the welfare of those misguided individuals.

To meet the evil of speculation what is required is the elimination from the field of speculation of those who are unfitted by nature, financial circumstances, or training to engage in it. We select certain persons for the law, the practice of medicine and the ministry by means of certain rigid requirements, because we think those arts of too great moment to permit untrained men to engage in them. But there is no law prohibiting certain persons from buying and selling property; to make such a one would strike at the roots of personal liberty. The right to buy or sell, or to contract to buy or sell property is a fundamental one, and even when a small sum is paid to seal the bargain, and when the proportion of the capital of the individual to the value of the amount dealt in, is small,—even under these conditions, it is difficult to see how any law which did not seriously abridge the right of contract, could save people from themselves.

The two ways in which the "lambs" commonly lose their "fleece" is in buying unsound securities, and trading on a capital too small for the business done. The first method does not apply of course to commodity exchanges, but the second is peculiarly dangerous there. If brokers and bankers would discriminate between persons and require a margin ranging from twenty per cent to forty per cent, they could undoubtedly do very much toward reducing both speculation and losses on the part of those who rely for success more upon their "brains" than their wealth.

"Options" have been made the subject of more successful legislative onslaughts than "futures," most states having laws, and many exchanges rules, forbidding them. This is due to the ease with which they lend themselves to the attempts of the inexperienced to speculate, only a small capital being needed to indulge in their purchase. They serve, however, a legitimate business purpose, are entirely legal under common law, outside of the exchange, and under

the regulations of England, and the state of New York. "Puts" and "calls" in the market correspond exactly to options given on any piece of property to buy or sell at a certain price, a small sum being charged for the "privilege." Despite the prohibitory statute of Illinois, they are actively dealt in, in connection with the Chicago Board of Trade transactions.

"Corners" are sometimes based on a true estimate of the future price, sometimes on a mistaken one. In the former case, as in the recent Patten wheat deal, the price after the corner matures does not fall abruptly from the settlement price, and the operator reaps the reward of his superior foresight in determining wheat values. In the latter case, great fluctuations prevail, the "corner" is almost invariably broken, and the price falls lower than before the attempt to raise prices began, with the consequent ruin of the speculator. Laws can scarcely prevent any person from buying up any commodity of everyday trade and holding it for a higher price, but in so far as the exchange establishes an artificial supply and demand for a single month, it can also exert a certain authority in compelling a reasonable settlement price for the "shorts," and in preventing the matching of orders or "wash sales" for the purpose of creating temporary, and unusable, fictitious quotations.

One regulation by law cannot be advocated with too much zeal by all good citizens. That is the rigid suppression of all false and misleading rumors whether circulated designedly by those pecuniarily interested, or carelessly by the newspapers and other publications which delight in sensational tales. California and Ohio are the two states which have recently enacted a law to this effect. The statute of California reads as follows:

"Every person who wilfully makes or publishes any false statement, spreads any false rumor, or employs any other false or fraudulent means or device, with intent to affect the market price of any kind of property is guilty of a misdemeanor." This is the first step in the development of accurate knowledge of stock and commodity values on the part of the public.

Another movement, the converse of the above, which well deserves support is the demand for a more accurate, prompt and more frequent gathering and publishing of statistical information upon the state of growing crops, for it is upon such information that the forecasts of future prices are based. The government crop

report coming now once per month could well be made, in view of the amounts at stake, twice per month, or as often as the conditions of trade demanded.

As has been indicated elsewhere in this paper, it is the writer's belief that genuine and enduring reform in the practice of speculation upon organized exchanges can only come with the gradual growth of an enlightened commercial public, and the adoption of higher standards of social ethics by those who conduct the industrial enterprises of the land. The waning of the get-rich-quick-at-any-cost spirit and its replacement by the professional feeling of the physician, the teacher and the clergyman, evidences the growing recognition on the part of business men, whether banker, director or manager, of a fiduciary relation to the community which circumstances in the past have sometimes led the public to believe they had not discovered in them. The evils of the exchange are merely the evils common to all American business as it has been carried on, with the chief end in view, the making of an unlimited fortune in the least possible time. With the appearance of a new "spirit of the times," we may with confidence expect a decline of the "sharp practices" that have characterized business in the last decades.

FACTORS AFFECTING COMMODITY PRICES

By ROGER W. BABSON,

Editor "Babson's Reports on Fundamental Conditions," Wellesley Hills, Mass.

After a most careful consideration of this subject, I have thought best to divide it into four distinct sections and will therefore discuss the matter accordingly. First, I will consider the general question of prices with special reference to the various index numbers used for experimental and other work. In the second section, I will explain the most advanced statistical work which has been done along these lines with special reference to Professor Irving Fisher's "Equation of Exchange," which, to my mind, shows accurately and concretely what factors affect the general price level. In the third section I will refer to other factors which affect the prices of special commodities, or commodities in special localities, and will quote thereon from leading authorities. In the fourth section I will discuss in detail the most advanced work which has been done towards the forecasting of future prices. This last section probably will be found most interesting, and those who have not time to read this entire article should be sure to read this final section entitled "How Commodity Prices May Be Forecast." The most valuable section, from a statistical point of view, will be

found to be Section II, wherein the formula,
$$\text{Prices} = \frac{MV + M'V}{\text{Trade}}$$

is explained in detail. This formula has gradually been evolved during the past twenty years by the most constant work on the part of the nation's leading economists, and when its full significance is grasped by manufacturers and merchants, it is bound to have a distinct effect upon the business community.

I. General Consideration and Index Numbers

In the discussion of the factors affecting prices, a misunderstanding often occurs through mixing *wholesale* and *retail* prices. The former are sensitive to commercial and industrial factors, while the latter respond much more slowly. On the other hand, the retail prices are more valuable when considering the cost of

living, and are the prices in which the consumer is more naturally interested. Moreover, although retail dealers immediately mark up their goods as the wholesale price increases, they are loth to mark down their goods when the wholesale price decreases. In this article the prices considered will be usually wholesale prices, and there are several indices available. Our own organization uses the Bradstreet figures, which go back through 1892.

There is another series of index figures which was originally brought out by Dun's commercial agency and which is designed to give the cost of the necessities of life for the individual. The numbers are based on wholesale quotations, the figure for each commodity being multiplied by the annual per capita consumption, in order to give its proper weight in the aggregate. The figures are given in dollars and cents, not being reduced to a percentage basis on the scale of 100. About 350 articles are represented, but no details are given as to the method of calculating the annual per capita consumption upon which the figures are based. This series has been criticised as giving too great importance to food products through the method of weighting the figures. The figures are published each month, but July 1st of each year is stated by the compilers to be the best index of the general state of prices.

There are also other tables which are based on the same assumption, but these are mostly for foreign price indices. Personally, these weighted tables do not appeal to me; but those who believe therein should read the article in the November, 1910, number of the "Quarterly Journal of Economics," by Professor Mitchell, of the University of California. This author has made a very complete study of index numbers, and he shows that ultimately practically all of the different systems give the same result, owing to the great force of the law of averages.

In short, I believe that the simple index as followed by Bradstreet is the most satisfactory for use in the end, and the nature of this method is briefly this. A number of commodities are chosen, and the total price of specified quantities of these articles is ascertained for a given day or averaged for a certain period. The price numbers thus computed are in some tables of index numbers used without further change. Usually, however, such numbers are reduced to percentages of one hundred as the base of comparison. The total price at a chosen date, or the general average for a

specified period, is taken as the base and represented by one hundred, and the price figures are quoted in terms of this base, upward and downward, as prices change. For example, if one hundred articles be chosen, and the total price of one pound of each be ten dollars on January 1, then, taking that figure as the base, or one hundred, the index number for February 1, would be one hundred ten, if the total prices of one hundred articles were found to be \$11 on that date, and it would be ninety, if the total prices were \$9, and so on.

The Bradstreet series gives the totals of the prices per pound of ninety-six articles, quarterly and monthly, since January 1, 1892. In the following table quarterly quotations are given for the entire series:

BRADSTREET'S INDEX NUMBERS OF WHOLESALE PRICES, QUARTERLY, 1892-1911

1892			1899		
Jan. 1	.....	\$8.1382	Jan. 1	.....	\$6.8020
Apr. 1	.....	7.9776	Apr. 1	.....	6.8786
July 1	.....	7.3829	July 1	.....	7.0918
Oct. 1	.....	7.6089	Oct. 1	.....	7.6396
1893			1900		
Jan. 1	.....	7.8317	Jan. 1	.....	8.0171
Apr. 1	.....	7.8395	Apr. 1	.....	8.1275
July 1	.....	7.2869	July 1	.....	7.7215
Oct. 1	.....	7.1717	Oct. 1	.....	7.7507
1894			1901		
Jan. 1	.....	6.9391	Jan. 1	.....	7.5673
Apr. 1	.....	6.6660	Apr. 1	.....	7.5263
July 1	.....	6.5770	July 1	.....	7.5151
Oct. 1	.....	6.5566	Oct. 1	.....	7.7276
1895			1902		
Jan. 1	.....	6.8220	Jan. 1	.....	7.6604
Apr. 1	.....	5.9722	Apr. 1	.....	7.7838
July 1	.....	6.4204	July 1	.....	7.8380
Oct. 1	.....	6.5241	Oct. 1	.....	7.9924
1896			1903		
Jan. 1	.....	6.3076	Jan. 1	.....	8.0789
Apr. 1	.....	5.8691	Apr. 1	.....	8.1247
July 1	.....	5.7019	July 1	.....	7.8706
Oct. 1	.....	5.7712	Oct. 1	.....	7.9083
1897			1904		
Jan. 1	.....	6.1164	Jan. 1	.....	7.9885
Apr. 1	.....	6.0460	Apr. 1	.....	7.9690
July 1	.....	5.8537	July 1	.....	7.6318
Oct. 1	.....	6.4477	Oct. 1	.....	7.9213
1898			1905		
Jan. 1	.....	6.5784	Jan. 1	.....	8.0827
Apr. 1	.....	6.4286	Apr. 1	.....	7.9996
July 1	.....	6.5820	July 1	.....	7.9160
Oct. 1	.....	6.6962	Oct. 1	.....	8.2298

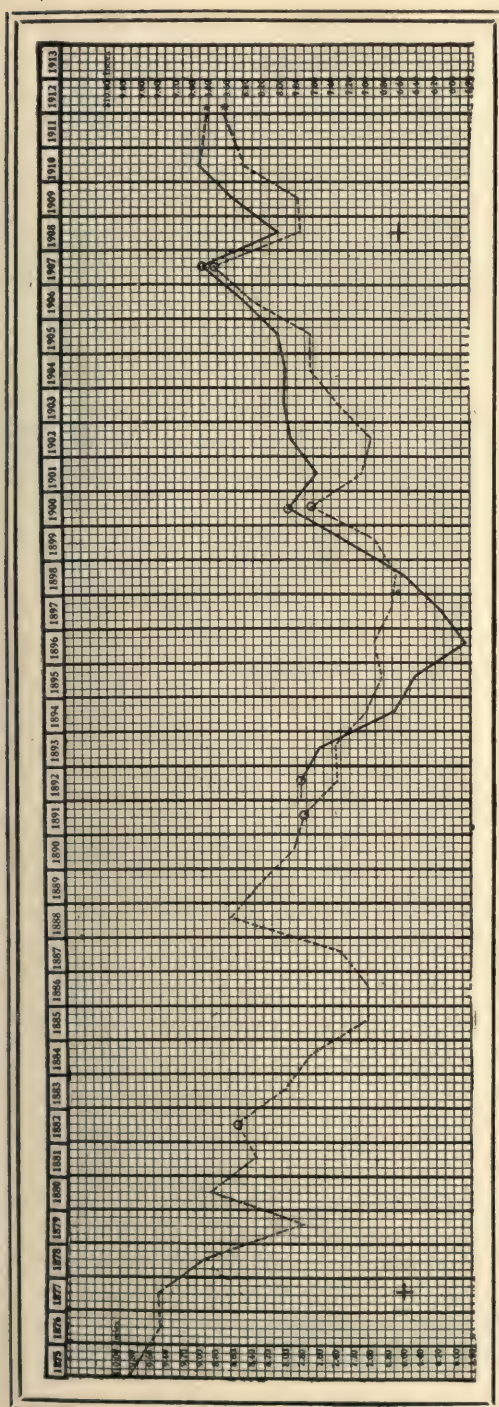
1906			1909		
Jan.	I.	\$8.3289	Jan.	I.	\$8.2631
Apr.	I.	8.2987	Apr.	I.	8.3157
July	I.	8.2835	July	I.	8.4573
Oct.	I.	8.5580	Oct.	I.	8.7478
1907			1910		
Jan.	I.	8.9172	Jan.	I.	9.2310
Apr.	I.	8.9640	Apr.	I.	9.1900
July	I.	8.0409	July	I.	8.9200
Oct.	I.	9.8506	Oct.	I.	8.9200
1908			1911		
Jan.	I.	8.2949	Jan.	I.	8.8361
Apr.	I.	8.0650	Apr.	I.	8.5223
July	I.	7.8224	July	I.	
Oct.	I.	8.0139	Oct.	I.	

ANNUAL AVERAGES OF BRADSTREET'S INDEX NUMBERS

1892	7.78	1902	7.88
1893	7.53	1903	7.94
1894	6.68	1904	7.92
1895	6.43	1905	8.10
1896	5.91	1906	8.42
1897	6.12	1907	8.90
1898	6.57	1908	8.01
1899	7.21	1909	8.51
1900	7.88	1910	8.98
1901	7.57		

The Bradstreet series is the only one that gives index numbers practically to date. All the index numbers show an advance of prices to 1907 as the high point, and a falling off in 1908. The Bradstreet table shows that the 1908 decline reached its low mark in June, and that the advance which set in then reached its high point January 1, of 1910. The average for 1909 exceeds that for 1908 by $6\frac{1}{4}$ per cent. The advance represented by the high point of January 1, 1910, over the low mark of 1896, is sixty-one per cent; that the advance of the January 1 quotation over the average for the years 1892-99 is 36.3 per cent.

There is also the series published by the United States Bureau of Statistics of Labor, extending from 1890. Prior to 1890 the index numbers of the Aldrich report of 1893 furnish a record, running back to 1840. In examining these price records for the purpose of the present inquiry, it will be sufficient to go back only as far as the year 1890, since it is now possible to prepare our Composite Plot (see last section of this article) back only to said date. The index numbers compiled since 1892 by the United States Bureau of Statistics of Labor show the wholesale prices for each year from 1890. About two hundred and sixty commodities



COMMODITY PRICES 1874-1911

The solid line is a plot of the American Prices, as determined by the London Economist. The dotted line is a plot of the English prices as determined by Bradstreet's Index, and the dotted line is a plot of the

It is very noticeable that after the American prices are extremely high and the English prices have begun to decline, we usually soon witness a panic in the United States. Conversely, after the American prices are low and the English prices have begun to increase, the United States generally enjoys a period of prosperity.

are represented in this table. The base of the series is the average wholesale price for each commodity for the ten years 1890-99. The table on page 161 gives the index numbers of the Bureau for selected classes of commodities from 1890 through the last published report.

Among the foreign tables of distinct value are Sauerbeck's Index Table and the "Economist" Index Table. The following pertaining thereto was taken from the report on the "Cost of Living" prepared in May, 1910 for the Massachusetts Legislature. It is a very good explanation of these two indices.

The best record of British wholesale prices is the series compiled by Mr. Augustus Sauerbeck, published annually in the "Journal of the Royal Statistical Society." The tables include 45 articles. The base of comparison is the average price for the years 1876-77. In the following table the Sauerbeck prices for various commodities are given, the selection being made with a view to comparison with the American prices given in the United States Bureau of Labor reports:

SAUERBECK'S INDEX NUMBERS OF ENGLISH WHOLESALE PRICES, 1887-1908

Year.	Meat.		Wheat flour.	Butter.	Sugar.	Coffee.	Tea.	Potatoes.	Coal.	Leather.	Cotton.	Wool.	Average food.	Average, all Commodities.
	Beef.	Pork.												
1887.....	72	83	61	82	52	113	53	73	73	94	62	72	..	..
1888.....	78	77	65	80	57	96	50	69	75	87	62	72	..	..
1889.....	78	83	63	82	69	114	50	69	80	84	66	82	75	72
1890.....	76	81	63	80	54	123	51	69	86	81	67	76	73	72
1891.....	80	75	72	85	57	118	56	79	86	81	52	70	77	72
1892.....	76	92	61	86	58	113	51	60	84	81	46	61	73	68
1893.....	78	96	54	85	62	123	53	56	89	81	51	60	72	68
1894.....	74	85	48	78	48	117	47	66	75	78	42	55	66	63
1895.....	74	71	59	74	43	115	47	68	68	84	43	57	64	62
1896.....	68	67	54	78	46	109	46	47	68	84	48	62	62	61
1897.....	72	85	65	75	39	86	45	61	72	84	43	59	65	62
1898.....	72	87	72	76	40	78	46	70	76	84	37	64	68	64
1899.....	80	77	58	82	44	75	50	60	84	84	40	83	65	68
1900.....	84	85	60	82	46	74	49	67	107	87	61	76	69	75
1901.....	84	94	58	84	38	67	40	67	91	87	53	62	67	70
1902.....	94	92	56	82	30	64	38	59	84	87	54	72	67	69
1903.....	84	85	59	80	36	63	41	72	75	87	67	78	66	69
1904.....	84	75	62	82	44	72	43	77	74	87	73	77	68	70
1905.....	80	88	62	86	47	74	40	56	70	84	57	84	69	72
1906.....	80	94	58	88	36	73	40	57	75	94	66	87	69	77
1907.....	84	87	63	86	39	67	47	75	90	97	73	88	72	80
1908.....	90	83	69	91	43	62	46	69	82	91	64	76	72	73
1909.....	90	94	75	90	45	67	47	56	80	93	70	87	73	74
Per cent increase over low point.....	32.4	40.3	38.9	15.4	-2.2	-33.0	2.2	19.1	17.7	10.7	45.8	40.3	17.7	21.3
Average, 1890-1899.....	75.0	81.6	60.0	80.0	49.0	105.0	49.0	62.0	79.0	82.0	47.0	65.0	68.5	66.0
Per cent increase over average, 1890-99.....	20.0	15.2	25.0	12.5	-8.2	-36.2	-4.1	9.7	1.3	13.4	48.9	33.8	6.6	12.1

The increase of the 1909 average over the average of 1890-99 is 12.1 per cent; the increase over the low point of 1896 is 21.3 per cent. These

THE UNITED STATES BUREAU OF LABOR INDEX NUMBERS OF WHOLESALE PRICES, 1890-1908

Year.	Meat.		Wheat flour.	Beans.	Fish.	Eggs.	Butter.	Milk.	Sugar.	Coffee.	Tea.	Potatoes.	Coal.	Shoes.	House Furnishings.	Lumber and Building Materials.	Average Cloth and Clothing.	Average Food.	Average, all Commodities.
	Beef.	Pork.																	
1890	85.5	96.0	120.9	121.5	108.0	96.1	100.4	103.1	138.5	136.9	96.3	119.3	98.8	104.8	111.1	106.5	113.5	112.4	112.9
1891	88.0	101.1	125.6	134.9	113.8	100.0	116.1	104.7	100.9	127.3	99.2	154.9	101.3	103.5	110.2	108.4	111.5	115.7	111.7
1892	88.0	110.4	104.2	112.0	99.2	110.4	116.4	105.1	89.4	108.9	106.0	91.1	100.3	102.7	106.5	102.8	109.9	103.9	106.1
1893	102.1	148.5	89.3	119.2	102.2	114.5	121.3	109.4	97.2	131.2	101.7	134.5	109.9	109.9	104.5	101.9	109.2	116.9	108.0
1894	99.8	112.1	77.6	110.6	92.9	93.5	102.2	103.1	83.9	126.0	98.0	122.8	97.3	99.4	100.1	96.3	96.1	103.0	96.1
1895	100.0	97.6	84.4	107.2	98.8	102.0	94.5	99.2	85.7	121.2	95.1	86.7	86.8	98.7	96.5	94.1	92.1	99.8	96.1
1896	90.8	79.7	91.2	70.3	92.0	88.7	82.3	91.8	94.5	93.9	91.9	39.4	98.7	99.6	94.8	93.4	91.3	94.6	93.0
1897	106.8	81.8	110.1	62.6	88.6	87.5	84.1	92.2	92.6	60.4	98.6	65.7	103.0	97.2	89.8	94.4	91.3	85.8	80.4
1898	111.4	86.4	109.9	74.7	94.4	92.6	86.8	93.7	92.6	60.4	98.6	65.7	103.0	97.2	89.8	94.4	91.3	85.8	80.4
1899	116.6	86.4	87.9	87.0	100.2	101.6	95.8	99.2	111.3	46.0	109.8	33.6	96.5	96.8	95.1	105.8	94.4	98.4	93.4
1900	113.4	108.7	88.3	125.6	112.0	100.7	101.7	107.5	116.7	62.6	104.9	74.9	102.4	99.4	106.1	115.7	106.8	104.3	106.7
1901	110.3	127.0	87.4	131.3	108.0	106.7	97.7	107.5	111.3	49.2	100.4	113.0	113.2	99.2	110.9	117.1	101.0	105.9	108.5
1902	130.3	140.9	89.7	135.5	107.0	122.7	112.1	112.9	91.7	44.0	106.2	119.4	118.4	98.9	112.2	118.8	102.0	113.3	112.3
1903	110.7	139.4	97.1	135.5	122.6	123.2	105.7	112.9	96.4	42.0	80.9	105.2	130.5	100.2	113.0	121.4	106.6	107.2	113.6
1904	113.0	149.0	125.4	135.5	123.6	136.0	108.4	107.8	101.9	59.6	97.1	146.3	130.4	101.1	111.7	122.7	109.8	107.2	115.0
1905	116.9	171.0	125.4	138.8	126.4	138.2	112.8	113.3	110.2	63.4	94.2	86.7	130.2	107.4	109.1	127.7	112.0	108.7	115.9
1906	116.0	171.0	125.4	138.8	126.4	138.2	112.8	113.3	110.2	63.4	94.2	86.7	130.2	107.4	109.1	127.7	112.0	108.7	115.9
1907	127.1	141.2	108.6	138.8	128.3	141.2	118.5	131.4	97.0	50.1	81.0	98.4	130.9	121.8	111.0	140.1	120.0	112.6	120.5
1908	148.2	120.3	118.8	138.9	124.9	142.0	122.1	129.0	104.8	47.8	75.1	142.6	130.1	121.3	114.0	133.1	116.9	123.6	122.8
Per cent increase over low point.....	63.2	62.2	30.3	83.4	35.8	60.1	48.3	41.5	9.8	-20.8	-17.5	259.4	26.3	24.8	26.9	47.2	28.3	43.9	36.9

increases may be compared with the advance of 22.8 per cent in the American Bureau of Labor wholesale prices in 1908 over the average for 1890-99, and that of 36.9 per cent over the low point of 1896. It appears from this comparison that the rates of increase in the United States have been double those in England. It should be borne in mind, however, that, as the English and the American numbers were computed on different bases, the comparison is not conclusive. Corresponding commodities have been selected from the Labor Bureau and the Sauerbeck tables, so far as this is possible, in order to facilitate detailed comparisons. This could not be done, however, in all cases, because many commodities are listed in the Bureau of Labor tables which are not found in the Sauerbeck tables, and in other cases there is a different classification.

A general similarity in the course of prices in the United States and England from 1890 to the present time is shown by the tables. In both countries from 1890 to 1896 or 1897 prices fell; then they began to advance, and continued with slight interruption to rise for the next ten years. The earlier decline was somewhat more pronounced in the United States; also, the later advance was more rapid and extensive in this country, particularly in the case of food products. The particular commodities which show a greater relative increase in the United States, are: butter, which has risen three times as fast as in England; meat, which has increased twice as fast; potatoes and coal. Shoes have risen in the United States more than three times as fast as leather in England.

The depression that took place in the United States in 1903 and 1904, notably in food products, was not paralleled in England.

It may also be noted that, while in England the price advance was general for all commodities, the advance in food stuffs was somewhat less rapid than that for others. In the United States the opposite was true: food products rose more rapidly than other commodities. In England, food products were barely 5 per cent higher in 1908 than the average for the period 1890-99, and were actually 6 per cent below the high prices of the early 90's. In the United States, food products in 1908 were over 20 per cent higher than the average for 1890-99, and were about 5 per cent higher than the highest point reached in the early 90's. Of the individual food commodities, beef shows the largest rate of increase in both countries, being 16.7 higher in 1908 than the average of 1890-99 in England, and 48.2 per cent higher in the United States. It should be observed, also, that the average of food products is lowered considerably by the inclusion of sugar, coffee and tea, since these commodities all show substantial decreases in England, and the last two in the United States. The index numbers published by the London "Economist" take as a base the average price of the six years 1845-50, as 100. The index number is the total of all prices of 50 odd commodities, estimated on this basis. No allowance is made for the relative importance of different commodities.

LONDON "ECONOMIST" INDEX NUMBERS, END OF DECEMBER, 1890-1909

1890	2,241	1902	2,003
1891	2,133	1903	2,197
1892	2,120	1904	2,136
1893	2,082	1905	2,342
1894	1,923	1906	2,499
1895	1,999	1907	2,310
1896	1,946	1908	2,197
1897	1,890	1909	2,390
1898	1,918	1910 (Jan.)	2,373
1899	2,145	1911 (Feb.)	2,396
1900	2,125		
1901	1,948		
		Average, 1890-99	2,040

The increase shown by the preceding table is somewhat greater than that indicated by the Sauerbeck figures. The "Economist" numbers show the low year in England to be 1897, instead of 1896. It should be remembered, however, that the "Economist" figures are for December 31 of each year. The increase, February, 1910, over the average price, 1890-99, is 17 per cent, and over the low point, 1897, 26.7 per cent, as contrasted with 12.1 per cent and 21.3 per cent, respectively, as shown by the Sauerbeck tables.

There also are other indices for other countries, and the "Labour Gazette" of the Canadian Department of Labour publishes for Canada a Price Index for 225 commodities. In Germany, Dr. A. Soetbear's record of Hamburg prices extending to 1891 is usually quoted. For France the most complete table of prices is that given in the Aldrich report of 1893.

Although it is not in the province of this article to discuss the history of prices during previous years, nevertheless the following, taken from the abovementioned report, is a most useful summary of conditions in this country and abroad from 1840 to date. In preparing this table, the Aldrich and the Bureau of Labor index numbers have been combined for the United States, while the Sauerbeck numbers have been used for England.

The table given on page 164 shows the movement of American and English prices of all articles and of food stuffs.

The salient features of the movement of prices as shown in the tables herewith produced are interpreted in the above report as follows:

1. A drop in prices, 1840-43, due to industrial depression.
2. A rise to 1847, which may be connected with bad harvests and the Irish potato famine in the case of English prices, and a high tariff in the United States.
3. A fall to 1849, more pronounced in England than in the United States, traceable to repeal of the corn laws, crisis and depression in England, and to reduction of the tariff in the United States.
4. An advance to 1857, due to an increase of the gold supply following the California discoveries and general prosperity.
5. A drop in 1857 and 1858, caused by crisis and depression.
6. Great fluctuations of American prices during the early 60's on account of war and disturbance of the currency system by greenback issues.
7. A sharp rise of American prices to the high point of 1866, due to the causes already mentioned.

RELATIVE PRICES IN GOLD

Year.	All Articles.		Year.	All Articles.	
	Aldrich Committee.	Sauerbeck.		Aldrich Committee.	Sauerbeck.
1840	116.8	103	1875	113.4	96
1841	116.8	100	1876	104.8	95
1842	107.8	91	1877	104.4	94
1843	101.5	83	1878	99.9	87
1844	101.9	84	1879	96.6	83
1845	102.8	87	1880	106.9	88
1846	106.4	89	1881	105.7	85
1847	106.5	95	1882	108.5	84
1848	101.4	78	1883	106.0	82
1849	98.7	74	1884	99.4	76
1850	102.3	77	1885	93.0	72
1851	105.9	75	1886	91.9	69
1852	102.7	78	1887	92.6	68
1853	109.1	95	1888	94.2	70
1854	112.9	102	1889	94.2	72
1855	113.1	101	1890	112.9	72
1856	113.2	101	1891	111.7	72
1857	112.5	105	1892	106.1	68
1858	101.8	91	1893	105.6	68
1859	100.2	94	1894	96.1	63
1860	100.0	99	1895	93.6	62
1861	100.6	98	1896	90.4	61
1862	114.9	101	1897	89.7	62
1863	102.4	103	1898	93.4	64
1864	122.5	105	1899	101.7	68
1865	100.3	101	1900	110.5	75
1866	136.3	102	1901	108.5	70
1867	127.9	100	1902	112.9	69
1868	115.9	99	1903	113.6	69
1869	113.2	98	1904	113.0	70
1870	117.3	96	1905	115.9	72
1871	122.9	100	1906	122.5	77
1872	127.2	109	1907	129.5	80
1873	122.0	111	1908	122.8	73
1874	119.4	102	1909	.....	74

8. A fall of American prices to 1869, following the war, English prices remaining comparatively stable during the decade 1860-70.

9. An advance of American prices, 1869-72, and of English prices, 1870-73, due to business activity and speculation.

10. A fall of both American and English prices to 1879, in consequence of the panic of 1873 and demonetization of silver.

11. A rise of American prices, 1880-82, following the resumption of specie payments and the improvement of business con-

ditions; English prices, after a slight rise in 1880, continued to fall to 1887, on account of prolonged depression.

12. A drop in American prices to 1886, due to railroad collapse, followed by slight recovery.

13. A gradual decline of American prices to 1897, brought about by currency agitation and depression; English prices also moving downward slowly to 1896, after a slight rise to 1891, produced by trade activity.

14. A rapid rise of American prices and slower advance of English prices to 1907, caused chiefly by depreciation of gold, with a temporary decline in 1900, caused by the Boer War.

15. Fall of both American and English prices, 1907-10, on account of panic and depression.

II. Statistical Factors Affecting Prices

The discussion as to what factors influence prices is one upon which economists and statesmen have dwelt ever since there has been a science known as "Political Economy." Although most of our great economists believe that the increased production of gold is the principal factor, yet there are many able men such as Professor Laughlin, of the University of Chicago, and Paul Leroy Beaulieu, of the Sorbonne, Paris, who believe that the increased production of gold affects prices very little. From the study, however, which my organization has given to the question, we believe that Professor E. W. Kemmerer, of Cornell University, and Professor Irving Fisher, of Yale University, have most correctly diagnosed the causes of the raising of the general price level.

These men believe the increase in gold and credits, including bank deposits subject to check, and especially an increase in the velocity of circulation of money and credits, are most vital factors in raising the price level. Certainly one dollar circulating twenty times a year has the same effect as twenty dollars circulating only once a year or ten dollars circulating twice a year. Thus, doubling the rate of circulation may have the same effect as doubling the gold production. Although many political economists have written volumes on this subject, these factors have first been stated in a definite concrete form by Messrs. Kemmerer and Fisher. In fact, it is to these men that I am indebted for the following equation and tables upon which this section is based.

The work was originally explained in Professor Kemmerer's book on "Money and Prices," published by Henry Holt & Company, and appears in its latest form in Professor Irving Fisher's new book entitled "The Purchasing Power of Money," published by the Macmillan Company. The work of these writers, reduced to its simplest form, is as follows: The *Price* of produce and commodities is always equal to the *Money in Circulation*, multiplied by its *Velocity of Circulation*, plus *Credits*, multiplied by their *Velocity of Circulation*, divided by the country's *Volume of Trade*. Moreover, the more one reads on the subject of prices, the more he is convinced that all of the volumes, monologues and theses written thereon can be reduced to the above simple proposition.

Mathematically, P is obtained from the following formula:

$$M V + M' V' = P T$$

In this formula:

M = Money in Circulation

V = Its Velocity of Circulation

M' = Deposits Subject to Check or "Credits"

V' = Their Velocity of Circulation or "Activity"

T = Volume of Trade

P = Price Level

Therefore:

$$P = \frac{MV + M'V'}{T}$$

which shows that as the factors M and M', or V and V' increase, P also increases and the price level advances. As V is fairly constant, this means that the increased price level of to-day is practically due to the increase in money, M (including gold, bank notes, etc.), to the increase in deposits subject to check, M', and to the increased velocity of circulation of moneys and deposits. The increase in M'V' is largely reflected in the great increase in bank clearings.

A study of the annexed chart (for the use of which I am indebted to Professor Fisher and the Macmillan Company) shows that this formula can be most graphically designated by a picture of a "balance" for each business year. For instance, in the top balance on the chart, for the year 1896, M is illustrated by a bag supposed to contain \$880,000,000 or the amount of money then in circulation, and the distance at which said bag is hung

GRAPHICAL ILLUSTRATION OF PROF. FISHER'S "EQUATION OF EXCHANGE"

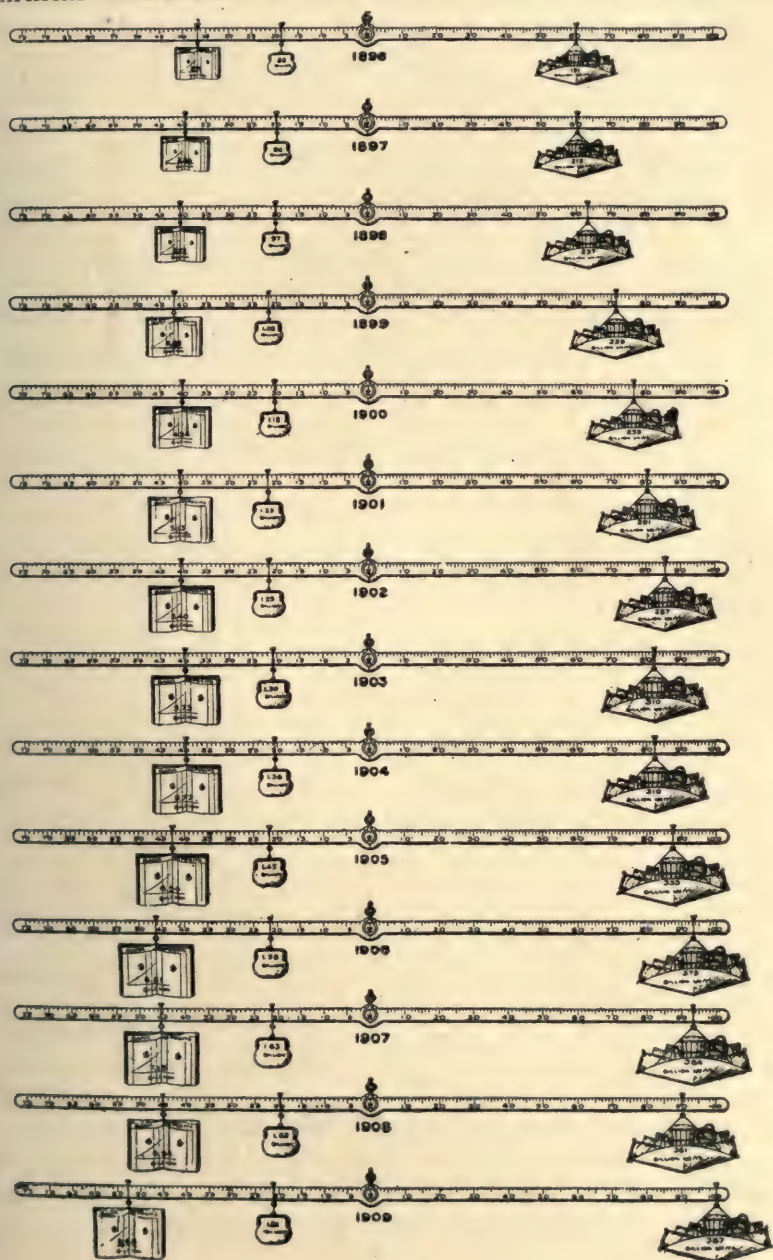


FIG. 17.

(Used by permission of Prof. Fisher and the Macmillan Company.)

from the pivot represents its velocity of circulation or V , which Professor Fisher finds to be nineteen times a year.

M' is illustrated by a bank book showing the deposits subject to check, namely \$2,710,000,000 and the distance said bank book is hung from the pivot represents the velocity of said circulation or V' , which was thirty-seven times a year. The volume of trade is illustrated by a scoop hung from the right end of the balance representing \$191,000,000,000 worth of trade reckoned, not at the prices of 1896, but at the prices of 1909 which is the "base" year. (By reckoning the volume of trade of all years at the same prices—those of 1909—the scoop shows how these volumes of trade compare with each other *irrespective of the price level*.) *The distance of the scoop from the center, represents the price level or P , which is 60 per cent of the price level of 1909.* All these factors must be in equilibrium at any given time and if one is moved, one or more of the others must be adjusted to correspond. Therefore, as the conditions differ for each year, the pictures on the chart differ for each year and the changed conditions existing from 1896 to date are most graphically shown on this most interesting chart of Professor Fisher's.

Therefore, a glance at the distance of the scoop from the center shows how the price level has changed, while the other distances and weights graphically show the reasons therefor. The annexed chart does not show 1910 conditions; but the following figures are for 1910 and show that the "weights" on the left are about the same distance from the center as was the case in 1909, while the scoop is further from the center than ever.

M	M'	V	V'	P	T	MV	M'V'	MV+M'V'=PT
1.64	7.23	21	52.7	104.0	399	34	381	415 = 415

It might also be added that Professor Fisher's diagnosis for 1910 shows conclusively that the velocity of circulation of deposits *subject to check* is substantially the same in 1910 as in 1909 and much higher than in any other year, which is a disquieting symptom, indicating that our people are doing business on very low bank accounts compared with the expenditures which they are making.

When emphasizing the importance of this formula, I am always asked as to the figures used in working out the various factors. I will therefore describe in the briefest possible manner how

these figures are derived, supplementing the description with some tables from Professor Fisher's book on "The Purchasing Power of Money" and some additional figures prepared by my organization.

"M" is the estimated *Money in Circulation* in the United States, which includes coin and paper outside of the United States Treasury and banks of deposit and discount. The money in the United States Treasury is excluded because it is of no use to the merchants, and the bank reserves are excluded for the same reason. Although the following table, of course, is not absolutely accurate, yet it is made up from official statements and all government and other calculations are based thereon.

ESTIMATED MONEY IN CIRCULATION IN THE UNITED STATES (M)
(In Billions of Dollars)

1896	.87	1904	1.37
1897	.88	1905	1.45
1898	.96	1906	1.59
1899	1.03	1907	1.63
1900	1.17	1908	1.63
1901	1.22	1909	1.63
1902	1.26	1910	1.64
1903	1.38		

"M'", or the *Individual Deposits Subject to Check*, has been worked out especially for use in connection with this formula. The result is based on the figures for individual deposits, less the deposits in savings banks and in the savings departments of national banks. In fact, we are indebted to Mr. A. Piatt Andrew, Assistant Secretary of the Treasury and the expert of the National Monetary Commission for these figures, which show for the first time the actual *deposit currency* of the United States. The complete table is as follows:

ESTIMATED INDIVIDUAL DEPOSITS SUBJECT TO CHECK (M')
(In Billions of Dollars)

1896	2.6819	1904	5.80
1897	2.8019	1905	6.54
1898	3.1919	1906	6.84
1899	3.9019	1907	7.13
1900	4.2019	1908	6.57
1901	5.1319	1909	6.75
1902	5.4319	1910	7.23
1903	5.70		

To ascertain "V" is a work that cannot be briefly described,

as many theses have been written on this subject of itself. A full detailed description thereof, however, may be found in the Journal of the Royal Statistical Institute for December, 1909, entitled "A New Method of Ascertaining the Velocity of the Circulation of Money." This method has been most favorably commented upon by the leading economists of the world, and we are justified in taking their word for its correctness. Practically the work consists of obtaining by mathematical formulas the actual velocity or circulation for 1896, which was 19, and for 1909, which was 22 and interpolating the intermediate years. This gives the following table for "V":

ESTIMATED VELOCITY OF MONEY CIRCULATION (V)

1896	19	1904	21
1897	19	1905	22
1898	20	1906	22
1899	22	1907	21
1900	20	1908	20
1901	22	1909	22
1902	22	1910	21
1903	21		

Briefly, this means that a given piece of money circulates on the average about 22 times a year.

"V" is ascertained indirectly. After obtaining M, M' and V, it is a simple matter to obtain V', for the following reason:

"The velocity of circulation of bank deposits is found by dividing respectively the total check circulation (M'V') by the bank deposits (M'). The divisor, M', has already been found. As to the dividend, M'V', this is practically the total of checks drawn in a year, for we may reasonably assume that, on the average, each check circulates against goods once and but once."

Moreover, the work which has been done by Professor Kinley, of the University of Illinois, enables one to obtain this data directly. Professor Kinley's special investigation was based upon the value of the checks deposited on July 1, 1896, which was about \$468,000,000. To quote again: "If we could assume that this day was an average day of the year, we should need, in order to obtain the total year's deposits of checks, simply to multiply this by the number of settling days in 1896, which was 305. But it happens that July 1 is an exceptionally heavy day in the deposit of checks. Making allowance for this fact, as indicated by the clearings of the New York clearing house, we

conclude that the total year's deposits of checks in 1896 were about 97 billions, with a probable error of some 5 or 6 per cent. Similar calculations for 1909 make the total check transactions of that year 364 billions. We have thus the value of the total check circulation (M'V') in the two years 1896 and 1909; and find them to be 97 and 364 billions respectively, indicating a prodigious growth in thirteen years. We have still to interpolate figures for intervening years. For the period between these two years, we have, unfortunately, no such data as those of Professor Kinley for 1896 and 1909. However, we can find an excellent barometer in the clearing house transactions; a barometer dependent partly on the clearings in New York City, but more on those outside of New York City. It is well recognized that, although the clearings in New York deserve an exceedingly large representation, their relative importance in the total clearings is exaggerated."

As to what relative importance should be given respectively to clearings in New York and to the outside clearings in order to obtain the best barometer of the check transactions for the entire country, it has been concluded that, if the outside clearings be multiplied by five and the result added to the New York clearings, the result will be a good barometer of check transactions for the United States.¹ By means of this barometer of check transactions, consisting of New York clearings plus five times the

¹Although New York clearings constitute two-thirds of all clearings for the country, it cannot be imagined that the check transactions in and about New York form two-thirds of the check transactions of the United States. We have already seen that the reported check deposits in New York on March 16, 1909, amounted to 239 millions. This figure, being for New York, is probably nearly complete and indicates, as we have seen, an estimated average for the daily deposits in New York City in 1909 of 306 millions. This gives 306×303 or 93 billions for New York City, for the entire year. Our estimate for the entire country was 364 billions, leaving 271 billions outside of New York City. Let us compare these estimated figures for check deposits with the figures for clearings. The New York clearings in 1909 amounted to 104 billions and those outside New York, to 62 billions.

The New York clearings (104) thus exceed the New York check deposits (93), probably because the clearings on account of outside banks include clearings representing banking transactions as distinguished from commercial transactions, since New York City is the chief central reserve city. The New York City deposits were thus only $\frac{93}{104}$, or about 90 per cent of the New York clearings. Outside of New York, on the other hand, the deposits far exceeded the clearings, being in the ratio $\frac{271}{62}$ or 4.4. These ratios between check transactions and clearings, viz., .90 for New York and 4.4 for "outside," would indicate that the published figures for clearings should be weighted in the ratio of 4.4 to .9 or about 5 to 1. That is, on the basis of 1909 figures, five times the outside clearings plus once the New York clearings should be a good barometer of check transactions.

outside clearings, and a knowledge of the actual check transactions in 1896 and 1909, one may easily derive from the "barometer" an estimate of the actual check transactions. The result is as follows:

ESTIMATED CHECK TRANSACTIONS (M'V')
(In Billions of Dollars)

1896	97	1904	233
1897	106	1905	282
1898	127	1906	320
1899	166	1907	320
1900	165	1908	300
1901	208	1909	364
1902	222	1910	381
1903	223		

Having obtained estimates of M'V' and having previously obtained estimates of M', it is easy, by simple division, to obtain V'. The results are as follows:

ESTIMATED VELOCITY (V') OF CIRCULATION (BY CHECKS) OF DEPOSITS
SUBJECT TO CHECK

1896	36	1904	40
1897	38	1905	43
1898	40	1906	47
1899	43	1907	45
1900	39	1908	46
1901	41	1909	54
1902	41	1910	52.7
1903	39		

We have now, as will be seen, determined M and M' and V and V', thus leaving only one factor to be determined, namely, the Volume of Trade, or "T". This has been ascertained by the most careful research work and the data reduced to a common index number for each year as given in the following table which represents the volume of trade in billions of dollars as reckoned at the prices of 1909:

ESTIMATED VOLUME OF TRADE

1896	209	1904	324
1897	239	1905	378
1898	260	1906	396
1899	273	1907	412
1900	275	1908	381
1901	311	1909	399
1902	304	1910	399
1903	335		

These index numbers for "P" are based on the data for 44 articles of internal commerce, 23 articles of import and 25 articles

of export. Sales of stock, railroad freight carried, and letters mailed through the post office are also included. In short, the increase in "T" practically coincides with the increase in our line of growth on the composite plot. For instance, on the above table it will be seen that the index figures for the volume of trade increased 18 per cent from 1893 to the present time which corresponds to a similar per cent grade of our line of normal growth.

We now have figures for all factors in the equation, and to ascertain the price level at any given time, it is necessary only to bring these figures up to date, using the above figures in the formula, and the price level, or "P", is apparent. But this formula is not based simply on the theory that the prices of commodities are and will be dependent on these five factors; but the formula can be absolutely demonstrated, which is what Professor Fisher has done. For instance, the following table gives the index number of general prices based on figures prepared by the Bureau of Labor at Washington and after "P" has been worked out independently by the above formulas for the various years from 1896 to 1910 inclusive, the results will be found to compare almost exactly with the index numbers for "P" as given in this table.

INDEX NUMBERS OF GENERAL PRICES

1896	63	1904	85
1897	64	1905	91
1898	66	1906	96
1899	74	1907	97
1900	80	1908	92
1901	84	1909	100
1902	89	1910	104
1903	87		

The above table is based on the figures of the Bureau of Labor for wholesale prices; its only difference from the Bureau of Labor figures is that the above index numbers include prices of securities and wages. When it is considered that in no case have any of these factors, including the above index numbers, been changed more than two or three per cent, in order to demonstrate the formula, there can be no doubt but that *the prices of commodities are dependent upon the money in circulation multiplied by its velocity plus the credits multiplied by their velocity divided by the volume of trade*. Therefore, whatever may be written relative to factors affecting prices and however we may be criticised for endeavoring to reduce these factors to a concrete formula, I am

nevertheless convinced that the formula is correct and that all contradictory work is fundamentally wrong. *If so, the factors affecting prices are self evident.*

III. General Factors Affecting Prices

Although the above formula shows clearly the cause of raising the price level as a whole throughout the world, yet I recognize that there are other factors affecting the price of certain commodities and of certain products. Moreover, there are other factors which make the prices different in different localities. Among these factors may be mentioned the changes in expenses of production, tariffs and taxation, wages and unionism, changed agricultural conditions, monopolies and "Trusts," general extravagance, competitive advertising and speculation. These factors are not the factors which raise the price level as a whole and are not fundamental factors; but are factors to consider when referring to different figures in different localities. Instead of preparing more original matter on this point, I herewith quote again from the report of the Massachusetts Legislature (House Document, No. 1750) and also give some extremely good comments on the most important of these factors by well-known men.

The following table presents an analysis of the causes assigned for the increase of prices by the writers of thirty articles that have appeared in print since January 1, 1910:

Causes.	Number of Articles Written Therein.	
	Principal Cause.	Contributory Cause.
1. Increase of gold supply.....	17	4
2. Exhaustion of natural resources.....	4	8
3. Rising standard of living.....	2	3
4. Withdrawal of population from agriculture, and growth of cities.....	2	1
5. Trusts and combinations.....	2	10
6. Tariff.....	1	7
7. Labor unions.....	1	3
8. Growth of population, and unscientific methods of farming.....	1	4
9. Extravagance in expenditure.....	..	6
10. Waste and fraud in distribution.....	..	5
11. Uneconomical marketing and housekeeping....	..	3
12. Speculation.....	..	3
13. Immigration.....	..	2

"The figure given in the first column of the table, under the head 'Principal Cause,' indicates the number of writers who assign the chief importance to the factor in question; that given in the second column, 'Contributory Cause,' shows the number who regard the influence of the cause enumerated as secondary. It appears that seventeen out of the thirty writers attribute the advance of prices mainly to the increase of the gold supply; four others regard this cause as of secondary importance. Exhaustion of natural resources, resulting in diminished returns from agriculture, increased expenses of production and pressure of population on the land, is given the first place by four writers; eight others ascribe secondary importance to this factor. A rising standard of living is believed to be the primary cause of higher prices by two of the contributors of the recent discussion; three others assign some weight to this influence. Withdrawal of population from agriculture, and growth of the cities, which are both consequences of the concentration of population, are regarded as the main factor by only two writers, and as a secondary cause by one. The growth of population in general, combined with unscientific methods of agriculture, resulting in disproportion between the population and the food supply, is selected as the first cause by one observer; this cause is given secondary importance by four others. Two writers place the responsibility chiefly upon the trusts and combinations, and ten others assign more or less importance to this cause. The tariff is assigned as the primary cause by only one writer, but is held to be a contributory influence by seven others. Similarly, the influence of labor unions is declared to be the chief cause by one person, and is mentioned also by three others. The foregoing are the only influences that are regarded as chief factors in the advance of prices; the others are regarded by all the writers as of secondary importance, in varying degrees."

The manner in which the chief causes are assumed to operate in bringing about an advance of prices is set forth in the following extracts from the papers summarized in the preceding table:

1. Increase of Gold Supply

To say that the present high prices are due to trusts will not explain the similar rise of prices in cases where there are no trusts in those particular commodities in this country, or no trusts at all in other countries where the rise of prices is also well marked. To say that high prices are due to the tariff does not explain the similar rise of prices in England, where there is

no protective tariff. To say that high prices are due to labor unions or to the associated action of labor does not explain the rise of prices in the Orient, where there are no labor unions. To say that rising prices are due to the growth of population does not explain the falling prices of a decade ago, when population increased at virtually the same rate. During the free silver agitation the favorite argument of men like Mr. David A. Wells was that falling prices were due to the progress of invention. Yet the progress of invention has continued unabated during the past twelve years, and yet prices have risen instead of falling. It is obvious, then, that apart from the minor oscillations in any one commodity a general change in the level of prices can be explained only by a cause which attaches equally to all prices. Now, price in general is value expressed in terms of money; hence a general change in the price level means a change in the value of money. But the value of money, like the value of everything else, depends on the relation of the supply of money to the demand for money. From the point of view of supply the answer is easy. The standard of the civilized world is now, and has been for some time, gold. . . . Gold, in other words, is being turned out in such enormous quantities that it is falling in value. But a fall in the value of gold, other things being equal, is tantamount to a rise in general prices. (Prof. E. R. A. Seligman, Columbia University, in "Journal of Commerce and Commercial Bulletin," January 3, 1910.)

2. *Exhaustion of Natural Resources*

We have begun to feel this land crowding effect. Agriculture on the average has begun to grow more intensive. If inventions and discoveries of the future are to annul or reverse this effect, they must be of a different kind from those that have given us our seeders, reapers, threshers, etc. We shall need thereafter, not something that will enable a man to till more acres, but something that will enable him to get greater and greater returns from a single acre. We have reached the beginning of the period of increasing intensiveness of agriculture, and by one of the cardinal laws of economics that process means a diminution of the per capita returns. Labor creates and gets less and less, all other things remaining the same, when it tills each acre more and more laboriously. (Prof. John Bates Clark, Columbia University, in the "Independent," March 10, 1910.)

3. *Rising Standard of Living*

Ordinary explanations, such as the tariff, the trusts, the unions, etc., fall short of satisfying the observer who takes a broad view of the situation. These agencies may in a measure contribute, but the controlling cause lies deeper; it is, in fact, within ourselves. Food, shelter, clothing, education and society are five necessities of civilized existence. Are we now content with the same quality and quantity of any one of these requirements that satisfied us in previous times? . . . The spread of popular education has brought about a decided and general advance in the standard of living, affecting every class of society. . . . In all the five principal items of the working-man's cost of living, his demands and the demands upon him have largely increased. In the middle classes the general increase in desires as to food, homes, clothing, education and society has been more marked, while among the wealthy there has been a significant growth in the indulgence of extravagant tastes in every direction; the result is a demand, hitherto unequalled, for all classes of luxuries. This leads up to the heart of the situation. Prices are established by the relation of the supply to the demand; production in this country, while steadily increasing, has not kept pace with the vastly enlarged demand brought on by the rapid growth of the desires of all our people. To this cause in largest measure

may be traced the conspicuous rise in the cost of living. Of course tariffs have their influence in artificially accentuating the short supply of certain commodities in various localities; trusts and labor combinations are also factors; but these are small items compared to the great underlying cause, namely, the change within ourselves,—our greater needs, our broader desires for the necessities, the comforts and the luxuries of life. When the supply of commodities is increased so as to keep pace with our demands, or when our demands are restricted to present production, the prices of items making up our cost of living will be reduced. (Marcus M. Marks, President National Association of Clothiers, New York, in the "Delineator," April, 1910.)

4. *Withdrawal of Population from Agriculture, and Growth of Cities*

There are many reasons to account for the increased cost of living. The number of persons growing wool and cotton and leather, and those devoting themselves to the growth of wheat and meat and vegetables, while increasing in actual numbers, is decreasing in proportional numbers. Thus the consumer is rapidly gaining in numbers on the producer. This it may be said, is compensated for by the increased efficiency of the producer. It requires less labor, for instance, at the present time to produce a given unit of raw materials than in former years. It is true that labor-saving machinery has done much, but the fertility of the soil has diminished because of a lack of sufficient knowledge of the proper methods of its conservation. The labor, likewise, is greatly increased in price; so I take it that the initial cost of production is greater now than in former years. This, together with the increased demand, has produced a natural increase in prices which cannot be corrected unless the relations existing between the producer and consumer are changed. It is not likely that this will take place; on the contrary, owing to the difference in methods of living and the attractions which gregarious life has for the human race, there will be, in my opinion, even a greater disproportion existing between consumer and producer. This is offset to a certain extent by the fact that consumers, especially those who reach a competence, are almost universally in their older days possessed with a desire to return to the soil and indulge in the production of the necessities of life. This return to the soil, though, does not by any means compensate for the exodus from the soil to the city. (Dr. Harvey W. Wiley, Bureau of Chemistry, Department of Agriculture, symposium in the "Delineator," April, 1910.)

5. *Trusts and Combinations*

As a general proposition, it is true that no general economic condition is due to any one cause. The industrial trust has, however, had a very important influence in bringing about the increase in the cost of the necessities of life; for these combinations have in effect repealed the law of supply and demand and done away with the old theory that "competition is the life of trade." A concrete example will serve as an illustration. In 1896 oil was selling in St. Louis, Mo., for 6½ cents a gallon. Ten years later, at the time I instituted suit in the name of the State of Missouri against the Standard Oil Trust, it was selling for 9½ cents a gallon. During this period the production of crude petroleum throughout the country had almost doubled, with a consequent decrease in price, while the production in the Kansas and Oklahoma oil fields had increased from 81,000 barrels in 1901 to 12,000,000 barrels in 1906, and its price had declined from \$1.20 a barrel in 1901 to 40 cents a barrel in 1906. The competition made possible as a result of this litigation brought about a reduction in the price of oil in the State of Missouri from 9½ cents in 1906 to 6½ cents in 1908. (Herbert S. Hadley, Governor of Missouri, in the "Delineator," April, 1910.)

6. *Tariff*

In my judgment, the causes are to be found, not in cheapened gold, but in the forces increasing the expenses of production of goods. The first of these is the high rate of taxation imposed by the Dingley tariff act of 1897 and continued by the tariff act of 1909. The price of goods affected shows marked decline after the panic of 1893 and the passage of the Wilson act; then, after the passage of the Dingley act there followed a portentous rise of prices, *e.g.*, blankets, hosiery, shirtings, woolen suitings, overcoatings, sheetings, worsted yarns, women's dress goods, lumber, zinc, axes, files, door knobs, etc. The most serious effect of the tariff was the increased cost of wool and of the various materials of manufacture, whereby the prices of the goods using these materials were raised far higher than the mere rise in the cost of materials, since finished goods received compensating duties for the raw materials and abundant protective duties besides. The National Association of American Manufacturers is to-day agitating for a lower tariff, especially on materials, because our manufacturing costs make it impossible to compete with other countries in foreign markets. (Prof. J. Laurence Laughlin, University of Chicago, in the "Delineator," April, 1910.)

7. *Labor Unions*

There is general complaint about high prices of the necessities of life, various reasons being assigned for the same, chief among which are the tariff and the capitalistic trusts; while as a matter of fact the primary cause of the constantly advancing prices of commodities of all kinds lies at the door of the labor trust, a cardinal principle of which is to raise wages and restrict production, neither of which can fail to diminish the purchasing power of the dollar, and when working together they doubly depreciate its value. Therefore, just as long as the labor trust is permitted to interfere with the law of supply and demand by restricting production and artificially advancing cost of commodities by abnormally high wages, just so long will our industrial affairs remain in a state of chaos and unrest, and just so long will that great portion of the public who cannot unionize be compelled to suffer the consequences. Why not strike at the root of the evil, and put the labor trust out of business first, instead of helping it on toward its "goal," as some well-intentioned men are blindly doing? (John Kirby, Jr., President National Association of Manufacturers, New York, in the "Delineator," April, 1910.)

8. *Growth of Population, and Unscientific Methods of Farming*

The growth of population, which is simply another name for increased consumption, has overtaken production of food-supplying cereals and meats; and as the converging lines of production and consumption approach each other, prices must advance. . . . I doubt if any country in the world excels the United States in natural fertility of soil, or has a more favorable general climate; but with our careless, uninformed methods of seed selection, fertilization and cultivation, our farms produce an annual yield of less than 14 bushels of wheat per acre, as compared with 32 in England, 28 in Germany, 34 in the Netherlands and 20 in France. The United States produces something less than 23 bushels of oats per acre, while England produces 42, Germany 46 and the Netherlands 53. Potatoes, with wheat and corn, are a food staple of the poor man. Germany, with an arable area of less than some of our largest states, produces more than seven times the number of bushels of potatoes that are produced in all the states. The increased value of corn, wheat, oats and barley in the United States, provided the average yield per acre of the same crops in Germany had been raised, and assuming a production of 50 bushels of corn to the acre, would have amounted to three and one-quarter billion dollars for the crop for

1909; and undoubtedly this increased production of grain would have enabled this country to have held the first place as a meat-exporting nation, which we have been compelled to surrender to Argentine. If population and consumption increase in the future as rapidly as they have during the last ten years, and production per acre of our farms is not greatly increased, within five years from the present, or before 1915, this country will have ceased to be a food-product-exporting nation; and within ten years we shall be importing more grain and meat per annum than we have ever exported in any one year for an average of five years, in our history. What will be the cost of living, under these circumstances? (W. C. Brown, President New York Central Lines, in the "Delineator," April, 1910.)

Personally I am very much interested in this subject of "The Depletion of the Soil." Many are well acquainted with the study which Mr. J. J. Hill has made relative to this special topic and the warnings which he has continually given; but it is very certain that the country as a whole has not begun to realize the importance thereof. In short, next to the increased production of gold, the "Depletion of the Soil" is a very important factor in causing the present high cost of living and influencing commodity prices.

We have not the exact figures, but I understand that chemists estimate that about twenty per cent of the value of each year's crop should be used for fertilizing the next year's crop. In other words, about twenty per cent of what comes from the soil should go back to the soil. Of course, these details are for the chemist to discuss, rather than the economist; but the general subject is of great importance to all. Of course, a proper proportion of that part of our crop which is consumed on the farms and rural districts, is now returned to the soil; but all that remains of the great portion consumed in our cities enters the sewers and eventually finds its destination in the sea, and consequently is lost so far as immediate practical value is concerned. In fact, it has been estimated that about \$2,000,000,000 a year is wasted through the sewers. In other words, to replace the values of the refuse passing through our sewers, by purchasing fertilizer at current market prices, would cost \$2,000,000,000 a year.

IV. How Commodity Prices May be Forecast

This in reality is a subject by itself, and thus is difficult properly to treat in so short a space. However, as the average man is much more interested in the present and future than in the past, I cannot close without giving a brief description of the very important work which is now being done along the line of forecasting commodity prices.

Up to within the last few years, economists have been divided into two "schools," when discussing the course of future prices. One school has considered simply the element of time, believing that there is a periodic rhythm in the course of prices and that a period of low commodity prices comes approximately every so many years. They believe that this period is—within a certain number of years—again followed by another period of high prices, and so on. Believers in this theory, however, disagree as to the length of the periods. Although all unite that the major period is approximately twenty years, the length of the average business generation, yet they differ as to the duration of the minor cycle, some believing that a period of low prices comes every five years, some every ten years, and some at still different rates. The fact that these men differ so as to the duration of said period of time is, to my mind, one reason why they are wrong in their assumption. In fact, I strongly believe that there is no economic basis for the statement that prices of commodities must rise and fall according to any period of time basis.

The other school bases its prognostications on the theory that price movements are due to the intensity of the period;—to wit, that prices will continue to increase until they reach a certain height, when prices will then decline. They believe that the decline will continue until prices reach a certain low point, when prices will again begin to increase. Their reasons are very plausible, claiming as they do that the high point is reached when prices exceed their value and usefulness to the commodity, and the low point is reached when the price is equal to or less than the cost of production. On analyzing these reasons, however, they will be found to be very superficial, as the value is an indeterminable quantity, and the cost of production is very variable.

It might be said that the men who believe that everything is regulated by supply and demand also come under this heading; but the terms "supply" and "demand" are very indefinite and mean nothing of themselves. In fact, if one of these "supply and demand men" is asked to name the causes of the supply or the causes of the demand, he immediately places himself directly into one of these two "schools" of thought. Therefore, it may fairly be said that, up to the present time, most students of fundamental conditions have been divided into these two schools, one basing their prognostications on the factor of time and the other on the factor of intensity, or, in

this case, prices. Neither of these two schools of thought has true economic reasons for their theories, and this doubtless is why said theories have failed to demand more serious consideration.

In more recent years, however, there has developed a third school of thought which bases its prognostications on what is known as the "area theory." This area theory considers both the factor of time and the factor of intensity, or prices. Their prognostications of prices are based on the product of these factors of time and prices, or, in other words, on the area consumed.

In short, this new school draws an oblique line, with a slope based on the normal increase in the nation's volume of trade, possibly somewhat as represented by "PT" or by "T" in Professor Fisher's formula. Starting at a time when the business of the country is practically normal, such as early in 1903, actual business conditions are plotted from month to month. This gives certain areas below and above this line of normal growth, and these areas are designated on the annexed plot as A, B, C, and D. In order to plot business conditions from week to week, the following twenty-five subjects are considered and combined under twelve headings: (1) Building Construction, (2) Money in Circulation, (3) Comptroller's Reports, (4) Loans of the Banks, (5) Cash held by Banks, (6) Deposits of Banks, (7) Surplus Reserves of Banks, (8) Total Bank Clearings, (9) Bank Clearings excluding New York, (10) Stock Exchange Transactions, (11) New Securities, (12) Business Failures, (13) Labor Statistics, (14) Imports, (15) Exports, (16) Balance of Trade, (17) Gold Movements, (18) Foreign Money Rates, (19) Political Factors, (20) Production of Gold, (21) Commodity Prices, (22) Crop Conditions and Iron Production, (23) Railroad Earnings, (24) Idle Car Figures, (25) Political and Social Statistics. The twelve headings are:

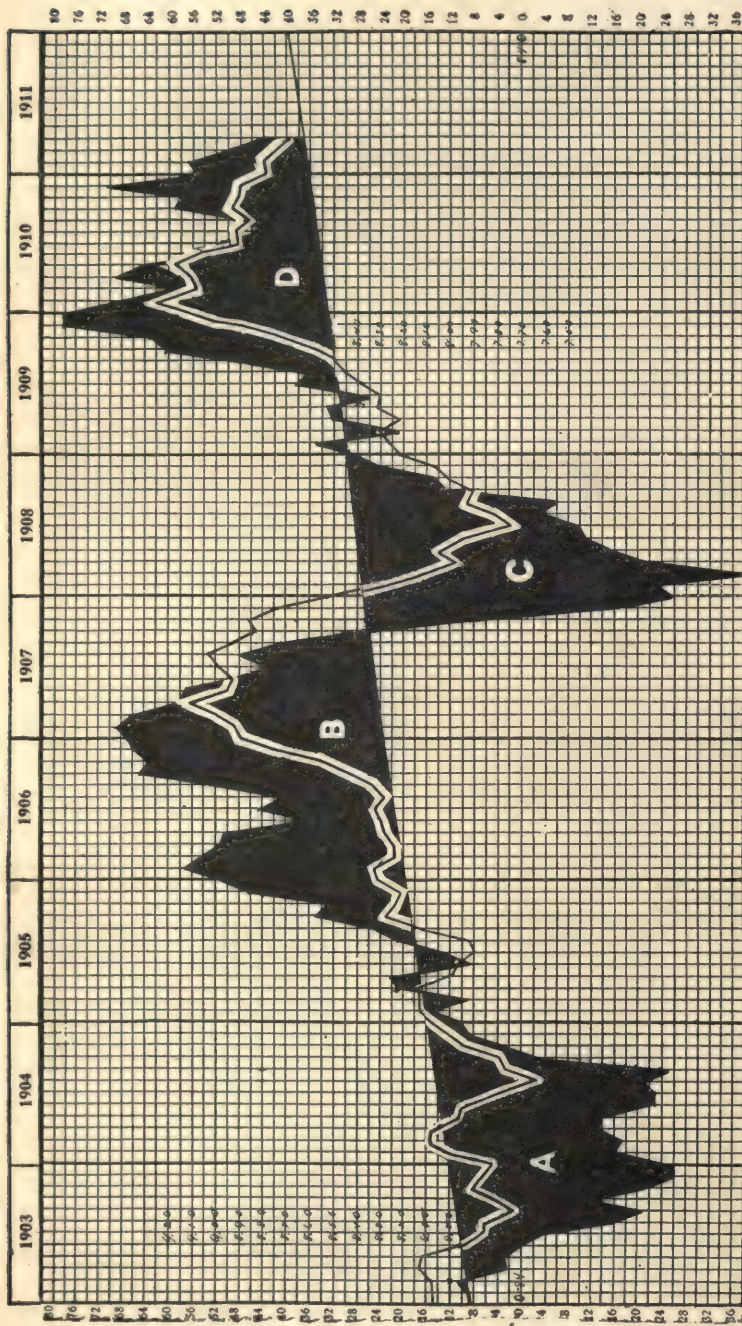
MERCANTILE CONDITIONS

Bank Clearings.
Immigration.

Failures.
New Building.

MONETARY CONDITIONS

Domestic Monetary Conditions.	Foreign Monetary Conditions.
Surplus Reserve.	Commodity Prices.



COMPOSITE PLOT OF THE SUMMARY FIGURES FOR AMERICAN BUSINESS CONDITIONS.

NOTE: The large black areas are formed by combining and plotting figures for the past nine years on New Building, Crops, Clearings, Iron Production, Money, Failures, Idle Cars, etc., in order to give a Composite Plot of actual business conditions in the United States. The line XY represents the normal growth of the country's business, the slope being changed whenever there is a change in the trend of conditions as shown by clearings, etc. Based on the economic theory that "action and reaction are equal," when the two factors of time and intensity are multiplied to form an area, the sums of the areas above and below said line of no-normal growth XY must, over a sufficiently long period of time, be equal, provided the line XY is properly located and enough subjects are herewith included, with all properly weighted and combined. Moreover, owing to the law of averages and certain psychological laws, these separate areas tend to be equal *in area*, although not necessarily in shape. Thus before there is another panic or depression ("which will cause another area to be formed below the line XY") the area D will expand to approximately the size of the average of areas "A," "B," and "C." It, however, should be remembered that this next area (which will be called "E") may be of an entirely different shape from anything heretofore witnessed and still contain a similar area, according to whether there is to be a panic or simply a gradual liquidation. Knowing that the areas tend to be equal, one can always estimate the length of any period by watching each week its height, or "rate of flow," which shows how rapidly it is being consumed. The solid black line represents Bradstreet's Index numbers for Commodity Prices. A study of this line shows that a high point of commodity prices has come, when the prosperity area is about two-thirds consumed, and the low point has come when the depression area is about two-thirds consumed, although this does not work out well in the case of area "D" as the Bradstreet's Index contains cereals which declined in price during 1910 owing to the extraordinary favorable weather conditions. To use this Composite Plot in connection with one's own business, the observer should plot his own sales thereon and note what portion of the respective areas has been consumed which his own sales were produced or unaffected. When using this plot for other purposes, it should be remembered that it refers to the *minor* cycles and not to the

INVESTMENT CONDITIONS

Prices of securities and shares traded in on the New York Stock Exchange.

Condition of Leading Crops. Railroad Earnings.
Political Conditions.

After obtaining such data each week, the latest figures on each subject are reduced to index figures, on the same principle that the London "Economist" reduces the prices of a number of different commodities to one common index figure. This index figure is a sort of "barometric index" showing, each week, the general business conditions throughout the entire country. By systematically plotting each week this barometric index number one has the outline of a plot that shows graphically general business conditions as determined by fundamental statistics.

In the plot reproduced herewith the large black areas—A, B, C, and D—are the result of such an outline obtained in such a manner and representing the past seven years. This is known as the Composite Plot of Business Conditions. This Composite Plot shows, first, the business conditions existing to-day compared with any other time since 1902; and, secondly, based as it is upon the law of "action and reaction being equal when the total force involved is considered," it indicates how much longer present conditions are to last.

This Composite Plot, therefore, shows merchants the actual conditions existing at any given time and, on the assumption that these areas tend to be equal in area, not in shape, it aids them in forecasting future conditions by showing whether the next area may be expected above or below the line of normal growth and about how long before it will come. Of course, this third school simply combines the work of the two former schools, as such men consider both time and prices, instead of simply one of these two factors. On the other hand, a little thought shows how reasonable is this third theory and how it automatically adjusts itself to conditions the same as a "governor" on an engine. For instance, if prices increase twenty-five per cent above normal, it is not reasonable to think that they will continue to go up until they reach the last previous high price of one hundred per cent, irrespective of the time consumed, but

it is reasonable to suppose that after prices have held this increase of twenty-five per cent for a period of four times as long as they had when selling at the previous high advance of one hundred per cent, that the time has arrived when logically they should fall.

In other words, the theory is that business conditions, as a whole, can continue with "the throttle one-fourth open" about four times as long as with the throttle wide open; or, to word it another way, when conditions are "doubly prosperous," said prosperity can last only one-half the period of time that it would if conditions were only moderately prosperous. This school believes that if the country would be willing to run along at a normal rate of speed so that the line for actual business would correspond with the line of normal growth, we would always have moderately prosperous conditions with a steady, slow advance. On the other hand, the higher that the line for actual business rises above the line of normal growth, the shorter length of time prices will remain high and conditions abnormally prosperous.

The preparation of this Composite Plot of Business Conditions, however, is simply the first step, or the basis, of this most recent and hopeful work relative to forecasting commodity prices. After preparing this Composite Plot, the next step is to plot thereon the average prices of the respective commodities in order to ascertain the relation between the prices of a given commodity and this Composite Plot. This work is now being done by a number of organizations in different parts of the country, and most wonderful results are being obtained. The first work performed was to ascertain the relation of the bond market to the Composite Plot, and it has been found that the lowest money rates and the highest bond prices have come at the very beginning of a prosperity area, as the line for actual business conditions has been crossing the line of normal growth; while the highest money rates and the lowest bond prices have come at the beginning of a depression area, directly after the line for actual business conditions has crossed the line of normal growth. When forecasting the average of thirty-two active stocks by the Composite Plot, it has been found that the high point of the stock market has come when the prosperity area is about one-fifth or one-fourth consumed, and the low point of the stock market has come when the depression area has been about one-fifth or one-fourth consumed.

In the same way the commodity market is now being forecast, and the annexed Composite Plot, above referred to, also contains a line showing the fluctuations in commodity prices since 1902. This line is based on Bradstreet's Index and runs from a minimum point of \$7.75 to a maximum of about \$9.25. Although the work has not continued over a sufficiently long period of time as yet to deduce an actual law, yet the opinion of many students at present is somewhat as follows:

Prices of commodities are highest when the period of prosperity is approximately two-thirds consumed, and prices of commodities are lowest when the period of depression is about two-thirds consumed—that is, prices reach their high point in the latter part of a prosperity area and continue to decline well into the depression area, when they again begin to advance. When the prosperity area is shallow, prices will continue firm for a much longer period of time than when the prosperity area is high, and vice versa.

Of course, the annexed plot does not show this conclusively because Bradstreet's Index number includes certain commodities which are subject to weather conditions and which should be eliminated. When these commodities are omitted and a line of general manufactured articles is considered, this law has thus far been found to be true. If future investigations likewise confirm this law, certainly the Composite Plot will be a most wonderful aid to all manufacturers and merchants. Heretofore the business man has either followed one of the two above mentioned "schools of thought" or else guessed, and thus in most cases has found himself mistaken. If the law above mentioned is true, hereafter the business man need simply to watch this Composite Plot each week, noting its development and, by the use of the above mentioned law, know approximately when to expect a turn in commodity prices. If the area develops slowly, he may know that it will be some time before the prices of commodities change, and he may base his commitments in accordance therewith. On the other hand, if the prosperity area develops very rapidly, as was the case in 1909, he may know it will be comparatively short and should plan his business on the assumption that commodity prices will soon decline. Thus, by watching the growth of this area from week to week, manufacturers and

merchants may forecast with wonderful accuracy the probable course of commodity prices.

As suggested, certain products and commodities must be treated independently, and I refer especially to such products as cotton, corn, wheat, and, of course, flour, the price of which is dependent thereon. Although the Composite Plot should be considered even when studying the probable future price movements of these products, yet the most potent factor is the weather. As to the study of the weather conditions, this is a subject by itself and cannot be discussed here. It may, however, be stated that the best reports of weather conditions may be obtained from the government, which work is fully explained in my book entitled "Business Barometers." Men who are interested in wheat, corn, cotton, oats, and such other commodities, as are reported at regular intervals by the Department of Agriculture, should very carefully study these government reports, although, of course, such reports should be supplemented either by personal inspection or by the reports of private correspondents.

There is also another feature which should be mentioned. This is that, although certain subjects like the price of pig iron can of themselves be forecast by studying the Composite Plot, yet it is unwise to consider the price of any one article independently. The safest method is to study the average of a large number of similar commodities. This has been most thoroughly discussed in connection with my writings on forecasting bond prices. When charting on the Composite Plot the price of one issue, this may or may not coincide with the general law; but when combining the prices of a number of bond issues and plotting the average price, the result is almost always in accordance with the law above mentioned. Therefore, with these two partial exceptions, it is believed that a law has now been obtained whereby the average price of commodities may be forecast through the use of this Composite Plot.

Of course, this entire work is in its infancy at the present time. The Composite Plot herewith annexed is simply based on comparatively few subjects while a great many more subjects should be included. It also is a debatable question whether or not the subjects are properly weighted and combined. The location of the line of growth will also always be a source of dispute and is subject to revision. Nevertheless it is becoming universally believed that the fundamental principle underlying the area theory is sound and, as

soon as a Composite Plot can be made truly to represent conditions, prices can be forecast with wonderful accuracy.

As suggested in the first paragraph of this article, I have discussed the subject of "Factors Affecting Prices" under four main headings. First, I discussed prices in general with special reference to the various index numbers now employed; secondly, I discussed the statistical factors and showed mathematically to what the increase and decrease of prices is due; thirdly, I discussed various other general reasons which affect the prices in different localities owing to special causes; and, fourthly, I have discussed how prices are being forecast through the development of the Composite Plot of Business Conditions.

In closing I wish to call the attention of readers to how these various divisions fit together. This most forcibly impresses one by reading, with the Composite Plot in mind, the second section wherein Professor Fisher's formula of exchange is discussed. It will be remembered that P equals $M V$ plus $M'V'$ divided by T or the volume of trade. When it is considered upon what the Composite Plot is based, it will be seen that said Composite Plot is somewhat of a picture of this important formula of Professor Fisher's. In that same way, if one will read, with the Composite Plot in mind, the quotations in the third section of this article, he will be impressed with their intimate relations, for all of these causes effect the shape of the Composite Plot, while the prices of commodities bear a definite relation to said shape.

In closing, therefore, I urge all readers to give the Composite Plot greater thought and study. We, who are so enthusiastic as to its possibilities, are perfectly willing to grant that at the present time it is in its infancy, and that ten or twenty years hence we will look back with shame upon its present incompleteness. However, the economic principle underlying the area theory is absolutely sound, and if so, should not all of us unite in striving to devise a Composite Plot which will correctly interpret said laws?

Once the nations of the world were dependent upon their armies. The nation which had a Cæsar or a Wellington ruled supreme; later the statesmen ruled, and the nation which had a Pitt or a Bismarck determined the world's policy; but to-day the commercial interests of the nation dictate the world's policy. The credit of our country or of any country during the next ten years does not depend on its

armies or its statesmen, but rather—after character—upon its merchants, manufacturers, bankers and transportation systems. Therefore, as it was once the duty of a nation to see that its young men were trained along military and political lines, is it not our duty to see that our young men are trained to diagnose correctly, and, if possible, forecast business conditions in order safely to guide our great industrial and financial enterprises, upon which the future of our nation is so dependent?

BOARD OF TRADE OF THE CITY OF CHICAGO

BY GEORGE F. STONE,
Secretary Board of Trade of the City of Chicago.

Commercial organizations are a direct evolution of the primitive methods of bringing buyer and seller together, improving the arrangements by which the surplus products of a people, of a community, or of a region, are distributed to those who are in need of such surplus products. Among the earliest efforts in this direction may be mentioned the fairs of antiquity. The essential characteristics of commerce since that remote period have not changed; they can never change. The demands of commerce for constantly increasing facilities for the rapid and economic exchange of commodities are imperious and resistless. There is no alertness so sensitive and swift as that of commerce; there is no vigilance equal in intensity and constancy to commercial vigilance.

The primary function of boards of trade is to facilitate the marketing of products and merchandise, and to provide facilities for their distribution to the consumer in different sections of the country and in different parts of the world. Boards of trade are not established in the interest of the buyer exclusively, or the seller exclusively, but in the interest of buyer, seller, and producer and consumer alike. They have no private interests to promote; they gather information, statistical and otherwise, for the benefit of all concerned; they are absolutely and emphatically identified with the public welfare. The prosperity of the commercial exchange is and always must be in proportion as it fosters the general prosperity, and as it extends and multiplies commercial transactions upon the basis of maintaining a fair compensation for labor, mental and physical, in the field, shop and market. Its obvious interest is that which attaches to a great public servant summoned to service by the inexorable call of a constant public necessity.

It would be well before entering upon a specific account of the Chicago Board of Trade, or any description or explanation of its functions, to glance at the circumstances surrounding its birth, in order that we may understand somewhat, at least, of the conditions which brought it into existence. It was born in a time pregnant

with great and significant events, and in a region abounding in unexampled potentialities. In "Schoolcraft's Travels," published in 1823, Chicago is described as a village in Pike county, Illinois, situated on Lake Michigan, at the mouth of Chicago Creek. "It contains twelve or fifteen houses, and about sixty or seventy inhabitants. To the ordinary advantages of an agricultural town it must hereafter add that of a depot for the inland commerce between the northern and southern sections of the Union, and a great thoroughfare for strangers, merchants and travelers." How quick the insight, how profound the mercantile instinct, and how wide the horizon of the representatives of those sixty or seventy inhabitants, the history of Chicago up to this hour bears eloquent witness. An uncommercial and superficial view of this village, surrounded by hostile Indians and set in a quagmire, led Captain Neil, the commandant of Fort Dearborn, in 1823, to write to the Secretary of War, in the same year, as follows: "The undersigned respectfully recommends that this fort be abandoned, as the character of the surrounding soil is such as to preclude the possibility of ever supporting a population that would justify the expense of maintaining the fort."

In this little town, destined to become within a comparatively short time the metropolis of the West, were gathered a small number of merchants who, with a far-seeing and positively audacious sagacity, planned not only for a city, but for an empire in this wonderful valley of the Mississippi, whose prosperity, under the inspiration of a government created and administered by the people, would astonish the world. The social, political and educational institutions of the people who were to inhabit this imperial territory were fixed by that celebrated instrument framed for the "Government of the Territory Northwest of the River Ohio," which has passed into history as the "Ordinance of 1787." This, the most notable instance of legislation that ever was enacted by the representatives of the American people, declared that "religion, morality and knowledge, being necessary to good government and the happiness of mankind, schools and the means of education shall forever be encouraged, and that no person demeaning himself in a peaceable and orderly manner shall ever be molested on account of his mode of worship or religious sentiments in the said territory." It also declared, "that no law ought to be made, or have form in the said territory, that shall in any manner whatever interfere with or affect

private contracts or engagements *bona fide* and without fraud, previously formed." This last provision was the first embodiment in written constitutional law recognizing and maintaining the obligations of contracts. Six weeks after the passage of the ordinance, it was incorporated in the draft of the Constitution of the United States. This ordinance has well been described as a pillar of cloud by day and of fire by night in the settlement and government of the Northwestern states.

Early History of the Board

The first steps toward the organization of the Chicago Board of Trade were taken on the 13th of March, 1848. At the beginning of that year Chicago had neither railroads nor canals, nor any other means of communication with the surrounding country than by wheeled vehicles, and small craft on Lake Michigan. For a number of years preceding, a few enterprising men, under the leadership of Mr. Thomas Richmond and Mr. Wm. L. Whiting—who were engaged in the grain business—were desirous to have a Merchants' Exchange established in Chicago similar to those exchanges in the older and larger cities of the East. Even at that early date the inhabitants of Chicago took great pride in their city, and had an unbounded faith in its possibilities. A call was at once issued for a meeting of the business men of the city for the formation of a board of trade.

Its beginnings were merely initiatory, having in view the development of this part of the country as forecast by the determined men who established this great commercial organization. At that time a constitution was adopted and a committee appointed to prepare by-laws, rules, regulations, etc. At a second meeting on the first Monday in April following, the report of the committee was adopted, and a general invitation was extended to merchants to meet daily at their rooms, that were rented for \$110 per annum. Thomas Dyer was elected the first president of the board, Charles Walker, first vice-president, and John P. Chapin, second vice-president. It now became in a pronounced sense the headquarters of the people, not only commercially but in all matters affecting the public good. It was the one great rallying point in this western region on occasions when vital questions were discussed, and the common welfare considered.

Interesting and varied were the vicissitudes through which the board passed, which we have not space here to recount; those that were for a brief time disheartening were overcome. The determination of the merchants in this struggling yet growing and aspiring town, to found here a great metropolis and foster an enthusiastic public spirit, never for an instant faltered, and their vision of Chicago's greatness throughout that pioneer and formative period was always undimmed. We are obliged to pass over in this article, the intensely interesting record of several years. In April, 1861, the thirteenth annual meeting of the board was held in its room on South Water street. Stephen Clary was president, Clinton Briggs, first vice-president, E. G. Wolcott, second vice-president, and Seth Catlin, secretary. The roll call contained the names of 725 members. It was created a body politic and corporate, under the name and style of the "Board of Trade of the City of Chicago," by the General Assembly of the State of Illinois on the seventh day of March, A.D. 1859.

The Objects of the Association

The objects of the association as set forth by its high-minded and sagacious founders, are:

To maintain a commercial exchange; to promote uniformity in the customs and usages of merchants; to inculcate principles of justice and equity in trade; to facilitate the speedy adjustment of business disputes; to acquire and to disseminate valuable commercial and economic information; and, generally to secure to its members the benefit of co-operation in the furtherance of their legitimate pursuits.

Where, in all mercantile annals, can be found a more compact and excellent declaration of principles and practice in the conduct of business, and in the promotion of commerce in its broadest and most lofty conception? After an experience of more than half a century it is impossible to change it without marring it. By an unswerving adherence to these declarations and directions, the board will commend itself more and more to the market places of the world; to all state legislatures; to the public; and to the Congress of the United States. This exchange derives its importance and its sustaining power chiefly from the grain crops of the United States, and from the immense number of animals, comprising hogs, sheep,

cattle, horses, mules and milch cows, raised on the farms of this resourceful country.

The importance of the Board of Trade of the City of Chicago became more and more apparent as the commodities and products of the West multiplied, as the years went on. To indicate the growth of the business connected with the Chicago Board of Trade, and also the development of the immense territory tributary to Chicago, I would state that the quantity of flour shipped from Chicago in 1848 aggregated 45,200 barrels; in 1910, 7,038,351 barrels. The quantity of wheat shipped in 1848 aggregated 2,160,000 bushels; in 1910, 18,679,100 bushels. The quantity of corn shipped in 1848 was 550,460 bushels; in 1910, 78,623,100 bushels; the quantity received, 102,592,850 bushels. Within the same period of time the shipment of oats increased from 65,280 bushels to 77,890,100 bushels. The receipts of oats during the year 1910, aggregated 101,859,000 bushels. The receipts of wheat, and of flour in its wheat equivalent, of corn, oats, rye and barley, during the year 1910, aggregated 294,858,724 bushels. The shipment of pork in 1853 aggregated about 18,000,000 pounds. Like shipments in 1910, about 600,000,000 pounds. The shipments of lard in 1853 aggregated 1,847,852 pounds; the quantity shipped in 1910 aggregated 268,702,900 pounds. As indicating the growth of the trade in cattle and hogs, Chicago received in 1865, 339,000 head of cattle, and 750,000 head of hogs. In 1910, the receipts of cattle aggregated 3,052,958 head, and the receipts of hogs, 5,926,315 head. Total receipts of live stock, comprising cattle, calves, hogs, sheep and horses, at Chicago, during the year 1910, aggregated 14,452,490 head, valued at \$357,145,681; and from 1866 to 1910, inclusive, 462,984,309 head, valued at \$8,582,329,245. Prior to the year 1853, we possess no record exhibiting the volume of trade in pork, lard, butter or wool, but the increase in the actual transactions in these products is something marvelous.

The statistical information comprised in the annual reports of the Chicago Board of Trade, not only relate directly to the trade of Chicago in grain, provisions, live stock, hay, flour, lumber, cured meats, dressed beef, butter, cheese, hides, grass seeds, etc., but also has reference to such commodities in other principal markets, both domestic and foreign. This varied official information essential to a comprehensive understanding of the scope and importance of

the business transacted and fostered under the rules of this association, is daily and hourly, and in many instances, instantaneously at the service of the members of the board to guide them to an intelligent conduct of their business, and to enable them to fully provide the producer with this great range of information, designed to aid him in intelligently marketing his products, and in instructing his commission merchant as to the conduct of consignments made to that commission merchant. Telegraphic facilities are also provided for unhindered and prompt communication with shippers, with customers, with purchasers and with consumers. Representatives of the press have constant, unhindered access to all this information in order that the public may be kept fully informed regarding values, and the general movement of merchandise dealt in by members of the board.

No commercial or financial annual statement can be a complete, and an intelligent one, without an official knowledge of the volume and farm value of the chief agricultural crops which constitute the basis of the nation's prosperity. Much minute care is bestowed upon these compilations. Their relation to our financial and commercial affairs is an intimate and a vital one. They disclose the source of our national wealth; the energy, enterprise and character of our farming population. They set forth not only the inducements which our western states present for the investment of capital, but inducements to the worthy and ambitious to make their homes where Nature lavishes her rewards upon those who with honest and industrious effort seek her favors.

The full significance of this showing no one can fully comprehend, save the careful and observant student of political economy. It is being realized as never before, that the farmer is the true wealth-producer; the fruits of his toil sustain our commercial and industrial life, and in a far-reaching and profound sense furnish the vitalizing forces of our national progress.

The volume and value of the chief grain crops of the West fix rates of interest, determine to a large extent rates of transportation and the volume of interstate commerce; they measure the extent of credits given by merchants and bankers, and place a proper value on all kinds of collaterals; in fact, directly and indirectly, the crops of the Mississippi Valley affect every financial and industrial interest from one end of the land to the other. In this constant and vital

relationship the Chicago Board of Trade occupies a pre-eminent position. The Chicago Board of Trade is the grain and provision clearing house of the world. It stands between the producer on the one hand, and the consumer throughout the civilized world, on the other. Behind the multiplicity of its transactions are not only our own chief grain crops, but those of other surplus grain producing countries. On the bulletin of this exchange is posted the price of wheat, maize, oats, provisions, etc., in every considerable market throughout the world. This information with absolutely no restriction, and free of cost to the public, is sent broadcast for the benefit of producer, consumer, buyer and seller alike, without prejudice and without partiality.

No other department of business conducted so openly, so absolutely above board, and so directly with reference to the common welfare. No department of business is so free from restraint of trade. It has no monopolistic feature whatever, and permits the unhindered and healthful play of the forces of competition. It has no credit system. Cash attends the consummation of every trade, and in the event of sales for delivery at a future time, our rules provide that ample security may be obtained to protect the buyer or seller as the case may be. The breadth and activity of our market give to registered warehouse receipts, protected by law, a convertible and instantaneous value as collateral security. This system with all its safeguards, besides providing an economical and safe marketing of the products of the farm, primarily for the benefit of the producer, safely employs an enormous amount of funds seeking investment by our great moneyed institutions. Call loans made on these warehouse receipts, fortified by the state statutes, and recognized by the rules of this board, are most desirable, and are so regarded by our national banks. No business is more legitimate; no business is more conservative; no business is more vitally allied to the varied industries and commerce of our city; no business is more imbedded in honor, or intrenched in the soundness of a contract than the business conducted under the rules of this organization. No contract, either written or oral, is more binding than the contracts to which a member of this association is a party. No informality, no absence of legal technicalities, will avail under our rules to absolve a member from an undeviating compliance with every term and every feature of his business obligation. Every

pretext for the avoidance of such obligation is brushed aside by a jury, not of a court, but of business men—his peers—and is not permitted to obscure the spirit and intent of his promises, or to release him from his proper responsibility as a man and as a merchant.

Buying and Selling for Future Delivery

There seems to be a general and widespread disposition to criticise business methods throughout the realm of financial and commercial activity. I by no means deprecate such criticism. I rejoice in all that has been done in the purification of corporations, and for insistence upon individual integrity, and lofty and loyal citizenship among all classes. No man shall be exempt from the consequences of wrong-doing; and those who are charged with great responsibilities and are in positions of trust, and who in a special sense enjoy public confidence, are held and must be held to strictest accountability. The laws which are made for the public welfare and to which individual liberty must always be subordinated, must be obeyed; the very least must feel their care, while the greatest should not be exempt from their power.

The system of buying and selling for future delivery, as applied especially to grain, and as practiced upon and safeguarded by the rules of the grain exchanges located in our great primary markets, is much discussed, and there is more or less misunderstanding regarding the same. This system was devised solely in the interest of the farmer and interior grain buyer. It is not a scheme that in any sense was forced upon the country; it was framed in response to the urgent demand of the farmer, merchant and banker throughout the Mississippi Valley; it provides for the economical marketing of the chief grain crops of the West; it creates and maintains a broad, active and constant market for the sale of grain and provisions, independent of an immediate, actual, existing, consumptive demand; it was an evolution, and grew naturally, gradually and inevitably out of the pressing necessities arising from the rapid growth of a vast fertile area, whose teeming products awaited facilities for ready and constant sale, at prices just to seller and buyer, to producer and consumer alike; and without any unfair advantage to either the capitalist or merchant on the

one hand, or the farmer or country dealer on the other; it provides for the constant conversion into cash, at fair prices, of an enormous yield, chiefly comprising grain and hog products, regardless of the volume offered. It provides the agriculturist with ready money, which in turn finds its way through the country stores to wholesale merchants in great centers of trade, and, more than any other measure, keeps the complicated machinery of business in harmonious activity. This ready money circulates without interruption through the arteries of our far-reaching commercial and industrial life, sustaining, in a large degree, our wholesale trade in all departments of business.

This system brings to the knowledge of the grain dealer and farmer all facts which are necessary for them to know, in order to arrive at the intrinsic value of their grain, as measured by the supply, and the whole supply, the demand, and the whole demand, the world over and the year through. At the time of harvest when receipts are inevitably larger than the consumptive or ordinary demand, without this system the seller would be at the mercy of the capitalistic buyer. This is too manifest to require argument. The system for buying and selling for future delivery steps in at this juncture, and says to the monopolist and capitalist, keep your hands off; you shall not take advantage to the detriment of the producer, of exceptional conditions. By means of this system, the supply in excess of the existing consumptive demand is carried forward until wanted by the consumer, and consequently, is rescued from the domination of abnormal and temporary market influences. Under its operation, all information concerning the movement of grain, and of the markets of the world, is placed without discrimination at the service of the public. It is in the interest of the general prosperity, and of the common commercial welfare. It is an absolute economic necessity.

In the administration of this system, boards of trade stand for equity, and gather for both buyer and seller that great fund of official information from all quarters of the world, without which unstable prices and violent fluctuations would seriously and perhaps disastrously disturb widespread and salutary conditions. Under its operation the prospective demand is brought to the farmer's door as a present and an actual one; likewise the prospective supply is brought into the market as a present factor, which, with the pros-

pective demand, fixes the proper and intrinsic values of the chief grain crops. All this information reflects the judgment upon the business outlook of the great merchants of the world, whose manifold and important interests compel them to a studious consideration of the world's food supply and of the world's food requirements.

The only option feature in the system is the right to deliver at any time during the month for which the sale was made, the obligation all the while existing to deliver the actual property sold during the month when it was agreed to make the delivery of such property.

A feature of this business, which is an important one in this discussion, as it bears upon a criticism frequently heard, is that the aggregate sales of grain per annum, for instance in the Chicago market, are largely in excess of the volume of the annual receipts. To explain: In all the great grain producing states from Minnesota on the north to Kansas, and indeed to the Gulf, are located a large number of elevators in which are stored thousands, and hundreds of thousands, of bushels of grain "hedged" in Chicago; that is, sold for delivery during a future month, at a price that affords the merchant a reasonable profit. Some of that grain is shipped to Chicago in the fulfillment of sales, but much of it is sent elsewhere as the demand and the condition of markets may bring such a disposition about. For instance, grain in Kansas may be shipped on a sale to Newport News, or Baltimore, or Philadelphia, or New Orleans; that grain being all the time sold in the Chicago market for future delivery, is bought in on that market as fast as sold and shipped elsewhere, in order to keep the accounts square and to insure against loss, and to have the sale for future delivery correspond in volume to the aggregate quantity of grain on hand and not sold.

Again, the European buyer, or importer, purchases enormous quantities of grain in American markets. He wishes to avoid all risks, and to keep himself protected against loss on those purchases between the time of such purchases and the time of their arrival at port of destination; therefore, he sells a corresponding quantity on the Chicago market for delivery during a future month, at relatively the same prices which he paid for the grain. When the European importer receives his grain if the market has declined he makes on his sale in Chicago from the same volume of grain purchased, what

he lost on his shipment at the time of the arrival of that shipment at destination. If, on the other hand, he loses by the advance in the market on his Chicago short sale, he makes up that loss in the corresponding advance realized on his shipments at port of arrival.

We might multiply these instances indefinitely. It may, however, be easily perceived how extensive, how far-reaching such transactions are; and moreover, that they are of a perfectly legitimate and conservative character, and of incalculable value to the agriculturist, merchant and banker.

To illustrate once more: A miller in Glasgow purchased 100,000 bushels of wheat in San Francisco. Glasgow is a four or five months' voyage from San Francisco. The miller does not wish to assume any risk in the transaction; he is content with the ordinary, reasonable millers' profit, consequently he sells 100,000 bushels in the Chicago market, that being the great central grain market of the world, at relatively the same price which he paid for his grain in San Francisco. When the grain arrives at Glasgow, if the market has declined, he makes a profit on his sale in Chicago equal to that decline; if, on the other hand, the market has advanced, he makes on his shipment at the time it arrives in Glasgow, the amount of the loss which he sustains on his short sale in the Chicago market.

Again, the miller in this country "hedges" his purchase in a great central market, protects himself absolutely against loss, and is assured of a reasonable milling profit on his flour. By this means he avoids speculation, uncertainty and risk. When he makes a sale of his product, he buys in its equivalent in wheat of the quantity embraced in his original short sale, and is always enabled to sell his flour at the current market price and at a reasonable profit; thus he pursues the even tenor of his way.

I need not dwell in detail upon the important and vital relation which this system sustains to the miller, merchant and banker, and to the great lines of transportation, both by water and by rail.

The Supreme Court of the United States in an opinion delivered by Mr. Justice Holmes, says: "When the Chicago Board of Trade was incorporated, we cannot doubt that it was expected to afford a market for future as well as present sales, with the necessary incidents of such a market, and while the State of Illinois allows that charter to stand, we cannot believe that the pits merely as places where future sales are made, are forbidden by the law.

"Of course, in a modern market contracts are not confined to sales for immediate delivery. People will endeavor to forecast the future and to make agreements according to their prophecy. Speculation of this kind by competent men is the self-adjustment of society to the probable. Its value is well-known as a means of avoiding or mitigating catastrophes, equalizing prices and providing for periods of want. It is true that the success of the strong induces imitation by the weak, and that incompetent persons bring themselves to ruin by undertaking to speculate in their turn. But legislatures and courts generally have recognized that the natural evolutions of a complex society are to be touched only with a very cautious hand, and that such coarse attempts at a remedy for the waste incident to every social function as a simple prohibition and laws to stop its being are harmful and vain."

Judge McPherson, of the United States Circuit Court, says: "The law of contract, the right of contract, is one of the greatest rights that we have in this country. It is a great constitutional right, and the words referred to in our constitution, where we are all given the right of liberty, do not mean, simply keeping out of jail. Another kind of liberty is just as sacred as keeping out of jail, and that is the liberty to make contracts just as we please. I have the right to make any kind of contract with you men, about anything, with such exceptions as are for the public good. No man has the right to make a law that I shall not purchase real estate or buy wheat; not only that, but I have the right to make contracts for future transactions and just as legitimately as contracts for immediate execution. You can see that we could not do business in this country if we were limited to making contracts for immediate consumption. I have a perfect right to go out into the country and buy hogs, grain or cattle, to be delivered to me next week or next month or next year, and that is a valid contract and a right that can never be taken away from me.

"It is just as legitimate to make a contract for the future delivery of grain, buying or selling, as it is to get it at once. I suppose the largest part of the grain contracted for in Iowa by grain dealers, is to be delivered some time in the future to cattle feeders; they want it the next month or the next spring, at a stipulated price.

"There are thousands of transactions in grain and live stock

where the sellers do not have the grain or stock; they expect to go into the market and buy it."

Speculation

Hon. Emery A. Storrs says: "That there are speculative operations in grain and provisions, no one will undertake to deny, but so long as the nature of man remains what it is, and what it always has been, enterprises more or less speculative will characterize the commerce and trade of the world. It occurred many years ago to Lord Kenyon, who was a great man within a certain judicial range, that he could regulate by judicial decision the currents of trade. He conceived that buying grain and breadstuffs, and holding them for a rise for speculative purposes, was against public policy, and immoral, and he, therefore, as Chief Justice of the King's Bench, adjudged all such transactions void. But the King's Bench, with all its judicial terrors, might as well have undertaken to change the course of seasons as to have checked enterprises of a speculative character in breadstuffs, and such a clamor was raised about the ears of Lord Chief Justice Kenyon, that it was not long before his decisions were relegated to the limbo of over-ruled cases, and are quoted to-day, not as authority, but as demonstrating how far and how absurdly wrong even a great judge may possibly go."

The prejudice against buying and selling grain is of an exceedingly ancient origin; so violent and ridiculous was that prejudice, that having corn with intent to sell it again in the same market, was forbidden by law. By the statutes 5 and 6, Edward VI, it was enacted that, "Whosoever shall buy corn or grain with intent to sell it again shall be reputed an unlawful engrosser and shall, for the first fault, suffer two months' imprisonment, and forfeit the value of the corn; for the second, suffer six months' imprisonment and forfeit double the value; and for the third, be set in the pillory and suffer imprisonment during the King's pleasure and forfeit all his goods and chattels." In the year 1800 an individual by the name of Rusby, was indicted at common law, and convicted of the imaginary crime of regrating; that is, selling a quantity of corn in the same market in which he had purchased it at an advance of two shillings a quarter.

That the agencies and facilities afforded by the great grain

exchanges of the country are, in exceptional instances, misunderstood and used for illegitimate business, is not denied, any more than is doubted that they promote the general prosperity and are indispensable to the development of the country. A perversion of privilege attends all institutions and professions, and can not be wholly eradicated by laws and regulations; it must be destroyed by the cultivation of lofty mercantile principles, and by their widespread recognition. Happily, such principles are becoming more and more prevalent. While it is true that traders in all departments of business indulge in speculation to an extent not warranted by their financial strength, it is too late, in view of what has been accomplished, to condemn speculation, in its proper sense, as an element in mercantile life. It has uncovered resources; it has stimulated a laudable enterprise; it has created values; it has quickened industry; conserved individual capacities; promoted intelligence; awakened ambition; augmented the comforts of life. It is aggressive, courageous, intelligent, and belongs to the strongest and ablest of the race; it grapples undismayed with possibilities; it founded Chicago; it rebuilt a great city upon smouldering ruins, and impels it in the march of progress. Whenever this kind of speculation is denounced, it is misunderstood, and it is often decried by those who unconsciously share its benefactions.

An investment of money made upon a blind chance is wholly pernicious, and defies every principle of mercantile honor, as well as the laws of the land. Frowning upon such methods and motives, this board is opposed to illegitimate business in every form, and is especially emphatic and pronounced in its rules and proceedings, against engaging in transactions where the delivering and receiving of merchandise are not absolutely and unconditionally required.

Bucket-Shops

A bucket-shop is a pretense; it pretends to transact business, when, in fact, it exercises no commercial function and is devoid of every commercial feature. It is a deliberately premeditated, organized fraud. It charges for its service when no service is performed. It merely weaves its web and watches for its victims; it is a gambling contrivance pure and simple. It is thoroughly demoralizing to industrial and mercantile life. It pollutes everything it touches and taints everybody with whom it is in any manner identified. It is insidiously pernicious and undermining, and is at war

with every legitimate industry and every principle of mercantile life. It is a scheme for betting upon quotations under the flimsy guise of commercial transactions.

A bucket-shop takes one side of the bet and its customer the other side. If the customer wins, the bucket-shop must lose. If the bucket-shop makes money, it must follow that the customers lose money. To put it in another way, it is for the interest of the bucket-shop proprietor that his customers lose money. It is for the interest of legitimate merchants that their customers make money. The profits of the bucket-shop are derived from the losses of their infatuated customers. The impoverishment of their customers means the wealth of the bucket-shop; and yet, strange to say, knowing this, their patrons eagerly enter the unequal contest.

The bucket-shop bears the same relations to legitimate commercial bodies that a counterfeit bears to a genuine United States note. The bucket-shop is an unmixed evil. Any transaction entered into by any member of this board which contains either directly or indirectly any "bucket-shop" feature, or even a suggestion of dealing in differences in the fluctuations in the market price of any commodity, or corporate stock, without a *bona fide* purchase or sale of the article for an actual delivery, is imperatively and expressly prohibited.

Short-Selling

Experience corroborates and emphasizes the doctrine laid down by John Stuart Mill, viz.:

"When speculation in a commodity proves profitable, it is because in the interval between buying and re-selling the price rises from some cause independent of the speculators, their only connection with it consisting in having foreseen it." The converse of this is also true, that when speculation in a commodity proves profitable to the short seller, it is because in the interval between selling for delivery at a future time, and buying in order to make that delivery, the price declines from some cause independent of the speculators, their only connection with that decline consisting in having foreseen it, and in having exercised a sagacity, intelligence and courage with reference to it not exercised by the majority of their fellows. Speculators do not in any sense hold in abeyance the governing law of supply and demand, much less annul it. The law is irresistible

and if they are not conforming to its mandates, they must succumb and pay the penalty.

No man, no edict of a tribunal, legislative or judicial, can prevent one man from stipulating with another to deliver a bushel of wheat, a pound of sugar, a bag of gold, or any other article, at an agreed price, upon a certain date, or during a specified month; nor can any power exempt a seller from liability for the non-fulfillment of the terms of any such stipulation. The right to make such a contract is an inalienable one. A man possesses the right to agree to deliver any property at such time and price as may be agreed upon, whether at the time of making such agreement he is in possession of the property or not, and whether or not he has bought such property under the same terms which attach to his own sale of such property; that property may be wheat, a house, an engine, a railway car, a government building, or any other kind of property. The buyer and seller must not be interfered with except when the seller refuses to deliver, or the buyer refuses to pay, according to the terms of the contract. Under no other conditions than these can they be interfered with. Into the domain of individual and commercial constitutional rights, restrictive law shall not enter.

Professor Emery, of Yale, says: "It should hardly be necessary to prove that 'short-selling' is an entirely honorable and absolutely necessary practice. It is strange, however, that even in fairly intelligent publications we should so frequently see the statement that 'it is wrong to sell something which the seller does not own.' As a matter of fact, this is a most common practice in all lines of business. The manufacturer sells goods before he has produced them, the builder contracts to deliver a house at a certain date which he not only does not possess, but for which he has not even bought the raw materials or hired the labor. The clergyman contracts to deliver the sermon for a price, although the sermon has not been written. If contracts for future delivery were to be limited in all cases to delivery of things already in possession of the contracting party, business would be hampered in a thousand different ways. There is absolutely no reason why a wheat dealer or a flour dealer should not make a contract for the delivery of his commodity three months from date, knowing perfectly well that he can fulfill the contract by securing the necessary article. To call this ethically wrong is simply ridiculous."

Point me to any institution or department of business that more zealously and honorably promotes the common commercial and industrial welfare than does the Chicago Board of Trade. The part which boards of trade play in the process of universal enlightenment is profoundly impressive, and their effect upon the development of this country and in sustaining its industries was never more apparent than at this time. Boards of trade marshal the forces of individual capacity, the resources of the field, and of the mine; they call forth for the common good the latent forces of mind and of matter, and are constantly creating facilities for the saving of time, for reducing expenses in the distribution of merchandise, and minimizing risks of business transactions. They study and solve the problems which a keen and educated competition presents. They take a wide outlook in carrying out their purposes, and keep in view not one market, nor one state, nor one country, but plan and legislate for a world-wide commerce.

The record of this organization for more than sixty years is completed, and within its pages may be found facts presenting contrasts more startling than are found in tales of romance. No prophet flourishing during the period of its formation and early history would have ventured to predict the marvelous development which the statistics published in the annual reports of the Chicago Board of Trade disclose, and no imagination of to-day can compass the magnitude of the record as it shall be made up even a generation hence.

THE NEW YORK PRODUCE EXCHANGE

BY E. R. CARHART,

President of the New York Produce Exchange.

A history of the New York Produce Exchange as a chapter in an economic study of the produce markets of the country involves far more than the mere story of an individual trade organization. In connection with its legitimate ancestry it may be noted that it is easily the oldest commercial institution on the American continent; its history is wrapped up in the history of the agricultural trade of New York, having its beginnings away back in the days of Dutch occupation, when trading in wheat by cargoes at a price per bushel was inaugurated. In such a paper as this, however, which must necessarily be brief, and which has to do in the main with the exchange as an exchange, we must content ourselves with only a very general statement so far as trade history is concerned.

In 1626 the *Arms of Amsterdam* carried the news to Holland that Peter Minuet, as director-general of New Netherland, had made formal purchase of the island for sixty guilders, or about twenty-four dollars of our currency. She carried a cargo of eight thousand beaver and other skins, as well as oak and hickory timbers. It is also a matter of record that in 1643, three large vessels arrived at New Amsterdam from the West Indies to take on cargoes of wheat, and thus began the commerce of America, illustrating in its beginning the general characteristics of its after history, and also the rapidity with which the fruit of the field followed and displaced the spoil of the forest. From the day when trade was an ever-unfolding romance down to the present when trade has become a fixed science, New York has been the gateway of American commerce. Her natural advantages gave her easy ascendancy over all her competitors, and it is interesting to note the part these advantages have played in the development, not only of the trade of New York, but of the commerce of the country itself and the history of the nation as well. Its magnificent harbor, capable of sheltering the commerce of a continent, has of course always been

the chief factor in the development of the trade of New York. It not only allured to its shores the trade of the outside world, but it enabled the little colony to utilize its other natural advantages at a time when those advantages meant much more than they now do. Its great harbor, together with its situation at the entrance to Long Island Sound, gave it an entry to the most fertile and easily developed part of New England; its location at the mouth of a navigable river penetrating one hundred and fifty miles into the interior, offering at several places in its course easy access to the cross-country and having at its head a rich country easily cleared and developed, opened a pass at almost tide level clear across the state to the Great Lakes and so on to the Far West; all these advantages made New York the natural center for the immense volume of trade which early began to flow back to it through these channels.

In 1678 Governor Andros reports that "Our produce is land provisions of all sorts, as of wheate exported yearly about 60,000 bushels, pease, beefe, pork, and some fish, tobacco, etc."

In 1774, according to Governor Tryon, the exports to Great Britain amounted to 160,000 pounds sterling, and consisted of "wheat, Indian corn, oats, rye, peas, barley, buckwheat, live-stock, timber and lumber, flour, pork, beef, etc."

These reports indicate exactly the character of New York's early trade, and were the story continued in detail year by year, it would simply be told in the same terms but in larger figures, until the day when the products of mine and factory were added to those of forest and farm.

Confining our study entirely to the agricultural trade of New York, we find that New York soon had added to her natural advantages other advantages almost as powerful in their determining influence on the trade of the country in favor of the metropolis. We need mention but two of these: First, New York became the financial center of the country; she had control of resources that enabled her to make immediate advances on all produce seeking its ultimate market through her. And, second, the completion in 1825 of the Erie Canal.

Soon after the canal was completed and in actual use there began that great demand for American foodstuffs which resulted in the development of extensive milling interests, the building up

of a fast clipper service between New York and Europe, and all the wonders that accompanied the growth and development of American agriculture.

Looking at trade history from the standpoint of the produce markets of the country, there began at this time a period of uninterrupted progress and development lasting for over fifty years. It was a period of intense activity, of almost superhuman endeavor, of colossal enterprise, and of constant adjustment and readjustment to the needs of enlarging trade; and during the whole period New York proudly maintained her supremacy. She was aided in this by the advantages already referred to. The open line of communication through her port with every part of the world, and her ability to finance the movement of the crops of the country, gave her easy ascendancy in the grain trade, and made her master of the flour and provision trades.

The provision trade illustrates the situation. There were scattered all through the West packing houses whose operations were confined mainly to the "packing season" beginning November 1st and ending March 1st, during which period all products had to be put down in cure in order to be "regular" for delivery. These houses depended upon the surrounding territory for their supply of live-stock and constituted the natural market for that live-stock. The result of their operations was the accumulation by the end of the "packing season" of practically the full supply of pork, beef and lard for the year. This product gradually found its way to the markets, and New York obtained the principal share. Great quantities were shipped in and stored in the great provision inspection yards of New York conducted under rules of the New York Produce Exchange, where it remained until started on its final journey to the consumer. Some of this product was shipped in for delivery on sales made in advance of its packing, which fact made its packing possible; and some of it on consignment for storage, in order that it might be where it could be well cared for and easily financed, and where quick advantage could be taken of favorable market conditions. It all formed the basis of the trading on the exchange. The period, as a whole, developed the produce exchanges of the country as we now have them, and before its close they had become what they have always remained—the great clearing-houses of commerce.

In the eighties, however, the commerce of New York began to feel the effect of the great economic and industrial changes that were taking place throughout the country. These changes revolutionized trade everywhere, and in no place more than in New York. The advent of steam on the ocean; the extension of railroads on the land; improved financial conditions and facilities throughout the country; refrigeration and the introduction of the refrigerator car; the use of the telephone; the growth of the great milling and packing-house corporations, with their immense capital, splendid organization and extensive sales and distributive departments—all contributed toward the revolution in trade methods, and resulted in opening up many new channels for the steadily enlarging trade of the country.

The exchanges of the country, as trade centers, were materially affected by the new order of things. Some of the changes were fundamental, and affected them all alike, while others affected them favorably or unfavorably according to their location and to the nature of the business transacted on their floors. To New York it all meant an active fight to hold the trade that formerly came to her without an effort on her part. Other ports began actively to compete for a share of her export trade. Western states began to assert themselves as trading centers. Canada became a formidable competitor. And, to cap it all, the railroads, pushed to the limit of their capacity by the enormous export trade of New York and by the demands of her constantly enlarging local business, sought to divert some of her heavy export traffic by establishing differential rates against her in favor of other cities where it could be handled at less expense to themselves, and with less interference with high-class freights. The result has been that while New York still remains the great center of international trade, she has not made the relative trade gains that other ports have in those articles named by Governor Tryon in 1774. Nor is this all. In some articles, principally those in which the products of the farm have been processed or manufactured, such as flour and provisions, New York has lost her importance as a trading center, having become to a large degree a point of transfer on through shipments. She has thus held her traffic, but has lost her trade. On the other hand, her own home trade has increased enormously. Looking at the magnificent city of to-day, with its millions of people whose needs

form the basis of a trade so vast as to make it the object of rivalry on the part of the nations of the earth, it is difficult to realize that less than seventy years ago a ship sailing from its port for Liverpool with a cargo of ten thousand barrels of flour marked an epoch in the history of American trade. New York City's consumption of flour now amounts in one day to more than that whole cargo, while the metropolitan community, of which the city proper is only a part, consumes each day almost two such cargoes. For the year ending June 30, 1911, the total exports of flour from the port of New York, reduced to barrels, amounted to 3,446,616 barrels. It is estimated that New York City proper consumed over 4,000,000 barrels in the same period of time. For the same year the total exports of flour from all Atlantic ports amounted to 7,400,282 barrels. According to estimates, what is known as the metropolitan district consumed nearly, if not quite, 7,000,000 barrels. These figures will give some idea of what New York's own trade means to its mercantile community.

As another offset against the losses mentioned, new trades and interests are constantly developing throughout the country, and when they reach a state of importance they seek a place on the exchanges. The chief example we have of this in New York is the cotton seed oil trade. The production of cotton seed oil for the year 1910 amounted to 167,970,000 gallons. New York has become the primary market of the cotton seed oil industry, and prices of cotton seed oil everywhere are based upon the quotations resulting from trading therein on the floor of her exchange.

This brief outline of trade history will give some slight conception of the general conditions out of which the New York Produce Exchange sprung into existence, and under which it has maintained itself and carried on its work. It really constitutes an outlined history of the exchange itself—aside, of course, from its organizational life.

Exchanges such as the New York Produce Exchange are merely organized trade. They are not organized for the purpose of making money. They, as institutions, have nothing to do with the making of prices of commodities dealt in on their floors. They are simply organized market-places. By gathering the latest information of trade interest, they simply enable their members to come to a quick decision as to what prices ought to be, and, by

disseminating that information abroad, perform a like service for the general public. The result is that their quotations, which are simply a record of trades made, represent the average opinion of all those interested in a given article as to what the value of that article really is at the time the trade is made. They do not control trade. They regulate it, being trade's own self-imposed check upon itself, in order to prevent congestion and chaos. Such exchanges are never organized in any community in advance of the coming of trade, for the purpose of developing trade. They are the outcome of trade itself, and trade conditions write their history. This all holds good of the New York Produce Exchange. Descended from a long line of market-places, a trade ancestry of two hundred and fifty years is proudly claimed for it. The record of direct succession is not perfect, and might easily be disputed, but from the standpoint of the efforts of trade to meet changing conditions with facilities for the care of new needs thus created, the claim is fully substantiated.

The first depot, or market-place, in New Amsterdam was located in the "Company's Stores." These stores were erected in the early days of the colony, and occupied a part of the site of the present produce exchange building. They stood facing Fort Amsterdam, with an open space about one hundred feet wide between. This space ran about parallel with Whitehall Street, and was used as a public market field or place. From it the little alley known as Marketfield Street, closed in part by the erection of the produce exchange building, took its name.

In 1658 a market-place was built in front of the fort, on the present site of Bowling Green, in front of the present exchange. This was known as the "Broadway Shambles," and was used as a market-place until 1707, when it was removed—only to be restored again, however, in 1720, when it was ordered that "The old market-place in the Broadway be and is hereby held as a public market-place until further notice."

In 1656, at the "Strand," on the site of the old building of the produce exchange, on the east side of Pearl Street, between Moore and Whitehall Streets, then the water front, a market was established. For it, in 1675, the High Court of Assize ordered that a "fitt house be built." This market was known as the "Custom House Bridge" market. It did not have a very long life, for in

May, 1684, it moved to the market-field at Bowling Green. Two hundred years later, almost to a day, in May, 1884, the New York Produce Exchange made the same move, leaving its old building on the site of the Custom House Bridge market for its new building on the site of the old market-field. These markets, however, did not in any way take to themselves the character of an exchange. The market-field was the general meat market and assembly place, and the Strand was the meeting place for country wagons. They serve to identify the site of the present exchange with the early traditions of the trade of New York, but that is all.

The first building known as an exchange was erected in 1690-91 at the foot of Broad Street, to which place the scene of water front activity was shifted from the Strand at the foot of Whitehall Street. This building was first erected as a Shambles, but with the closing and moving of the other markets became the resort of all sorts of traders, and gradually became known as "The Exchange." This was followed by the erection in 1752, on the same site, of a much more pretentious structure known as the Royal Exchange, and sometimes called the Merchants' Exchange. In connection with the erection of this building the city records of 1752 contain the following:

WHEREAS, Several gentlemen, in this city, having voluntarily subscribed toward the erection of an exchange, at the lower end of Broad Street, near the Long Bridge, Mr. John Watts appeared before the board with a plan thereof, and desire their approbation, to which plan they unanimously agreed, and for the encouragement of so laudable an undertaking, voted that Mr. Mayor issue his warrant to the treasurer to pay one hundred pounds toward carrying on the work on said building. (Valentine's Manual, 1858.)

This exchange was a general exchange for all commodities, foodstuffs included, as was the old market house which preceded it.

Previous to the erection of the Royal Exchange, however, there was erected a little shed at the foot of Wall Street, known as the Meal Market. This was the first real grain exchange or market in New York. The corporation records of June, 1727, refer to it as follows:

It is ordained that the market house at the lower end of Wall Street is appointed for the sale of all sorts of grain, corn and meal, and none of such articles are to be sold in public market at any other place.

This establishes it as an official grain exchange, and as the direct pioneer of the present exchange. It continued in active existence until 1762, when its business scattered to the Royal, or Merchants', Exchange, the Broadway Market, and to the various assembly places on Wall Street, which had even at that time assumed its character as the financial center of the city.

The exciting political events of the period, together with the Revolutionary War, had much to do with the making of trade history in New York. The Royal Exchange and the Meal Market passed out of existence. In their place came the Wall Street Coffee Houses, the Merchants' Coffee House first, then the Downtown Coffee House, in which the commercial exchange met. The coffee house system had its origin in private enterprise, as well as public need. The idea was not at all new, for even the Royal Exchange had its coffee room upstairs.

More room was soon needed, and a more perfect organization demanded, and in 1825 the erection of a building for the Merchants' Exchange was begun. This building was finished in 1827, and next to the City Hall was the most imposing and costly building in the city. It was destroyed by fire in 1835, but was immediately rebuilt. In its later years it became the United States Custom House, and now, remodeled, is occupied by the National City Bank. The new building had a frontage of 200 feet on Wall Street, a depth of 160 feet on Hanover Street and William Street, and was seventy-seven feet high. Its rotunda had a height of eighty feet, and the dome was "supported on eight pilasters of fine variegated Italian marble." New York always took a pride in its classical front of eighteen Doric columns of Quincy granite, each thirty-eight feet high and four and a half feet in diameter. As an illustration of how deep that pride was, we have only to note that these columns have all been preserved in the new building of the National City Bank.

The merchants' exchange was a general commercial center and embraced all branches of trade. Merchants in all lines of commerce met here daily to consider questions incident to their trade, gather the latest news and transact their business. The grain merchants met in this exchange every day at two o'clock. The center of the flour and grain trades, however, remained at the corner of Broad and South Streets, where the flour men met daily on the sidewalk

for the transaction of business before assembling at the regular exchange. It was at this time that the great European demand for American foodstuffs set in and business began to grow with leaps and bounds. It was not long before the South Street merchants became tired of the journey to Wall Street for the nominal settlement of contracts already entered into, and out of the sidewalk gathering there was organized in 1852 the New York Corn Exchange. This exchange was chartered in 1853 and leased the store at No. 16 South Street. It soon became crowded for room and leased other adjoining property until it had control of two buildings on South Street and two buildings on Broad Street, out of which a single "L" shaped room was created for exchange needs.

But makeshifts would not suffice for growing needs, and in 1860 out of the members of the corn exchange there was formed a corporation known as the "New York Produce Exchange Company" for the purpose of erecting a suitable building for a produce exchange on the block bounded by Water, Pearl, Whitehall and Moore Streets, the site of the old Custom House Bridge Market. This building was completed in 1861.

A second body known as the "New York Commercial Association" was organized by members of the corn exchange and others, and this body was the real exchange. It occupied the new building as tenants, but managed its own affairs, adopted its own rules, etc.

In 1862 the new association was granted a charter so broad and comprehensive that it still remains unchanged in any of its essentials and has frequently been used as a model in the organization of other exchanges. At the close of the first year the membership numbered 1,238. In 1870 the membership had increased to 2,023. In 1868 the name was changed to the "New York Produce Exchange," and in 1872 the exchange took over the building as owner. Because of the immense amount of business transacted and controlled by its members, all of which was carried on under its rules and regulations, it became at this time the wealthiest and most influential exchange in the country, and it exerted all its power and influence for the development of the highest standards in business life. It continued to grow rapidly in prestige, influence and importance, and in 1878 its membership numbered 2,468. Its building, with both floors given over to exchange use, became too small for its needs and a movement for a new building began.

Funds were gathered by passing a by-law in 1880 limiting the membership to 2,700 and fixing the initiation fee at \$1,000. Later 300 additional memberships were issued at \$2,500 each. These were quickly taken and a new building was assured.

The story of the new building enterprise is the story of strong men working for an ideal and succeeding. The present site at Bowling Green, including a part of the old Market-Feldt, was secured in 1880, and on May 6, 1884, the members of the produce exchange took triumphant possession of their present building. This building has never lost its place as one of the finest buildings in the world dedicated to commerce and trade, and in the eyes of many people its trading floor, as such, has no rival in the world. The building has a front of 312 feet on Whitehall Street, 150 feet on Beaver Street, 148 feet on Stone Street. The main building is 120 feet high, the tower rising to a height of 225 feet. The main floor consists of 31,680 square feet, the dimensions being 220 by 144 feet. The stained glass skylight overhead has an area of one-fifth of an acre. The girth of the outside walls of the building is one-fifth of a mile. Other adjoining property has since been acquired, the value of the whole being now variously estimated at from \$6,000,000 to \$8,000,000.

Thus we see that the New York Produce Exchange is the outgrowth of the needs and necessities of the commerce of the port of New York. It was not manipulated into existence; it was not organized out of hand. It began on the sidewalk and has grown to its present magnificent proportions because it is the best possible expression of those needs and necessities. In fact, it is those needs and necessities in the concrete.

The New York Produce Exchange is a great big market-place, nothing more, nothing less. On its floor wheat, corn, rye, oats, barley and other grains, flour, meal, hops, hay, straw, seeds, pork, lard, all sorts of meat food products, tallow, greases, cotton-seed oil and various other animal and vegetable oils, naval stores of all kinds, butter, cheese and other commodities are bought and sold in quantities ranging from a single package to whole cargoes. It is a place where men engaged in various mercantile pursuits and in allied industries, manufacturing or otherwise, gather for various purposes; to keep in touch with each other and thus in touch with all that is going on in the business world; to gather daily informa-

tion concerning growing crops, stocks of merchandise, movements of produce, current quotations for all sorts of produce in all markets of the world; to trade with each other as principals and for others as brokers and commission men; and to make initial arrangements for the care of all the details incident to business transactions, such as freight engagements, insurance, inspection, warehousing, delivery, etc. It is, moreover, a market-place where all transactions are safeguarded; where men must deliver what they sell and pay for what they buy; where, by force of all the circumstances, honesty must prevail, for here customs of trade have crystallized into rule and regulation, all grades and qualities are carefully defined and all trade terms and phrases clearly understood.

Each one of the various trades, such as the flour trade, the grain trade, the cotton oil trade, the steamship trade, etc., is to all intents and purposes an exchange by itself. Its members meet together in a given place on the floor. It is presided over by a trade committee, which interprets its rules and decides all disputes under the rules. It makes its own rules and regulations, subject to the approval of the board of managers; and in the making of its rules every trade member has a vote, thus making its rules the composite judgment of all interests concerned therein—great corporation, small dealer, buyer, seller, broker, commission man, exporter, etc.

Over and above these rules are the by-laws and rules of the exchange itself, which apply to all trades alike and have to do largely with the internal affairs of the corporation and its membership.

Hence the exchange has come to be a meeting place, not only of the man, who handles cargoes for world distribution, but of the butcher, the baker, the grocer of New York city and vicinity, who recognizes the conveniences it affords, the opportunities it presents and the safety it gives.

The exchange itself is merely the organized machinery of a great market-place. Its main chartered purposes are: to maintain a suitable room for such market-place; to inculcate just and equitable principles in trade; to establish and maintain uniformity in commercial usages; to acquire, preserve and disseminate valuable business information; and to adjust controversies and misunderstandings between persons engaged in business—and this is all that it does.

In discharging its functions it appoints and licenses, on the nomination of the various trades concerned, inspectors and weighers; maintains a grain inspection bureau, a flour inspection bureau and a chemical bureau for the official analysis of certain food products. It provides machinery for the adoption of trade rules and their enforcement. These trade rules apply to the non-member as well as to the member, and the non-member as well as the member has the privilege of using the machinery provided by the exchange to compel their enforcement. Through its rules for the handling of business, large economies of labor and expense are effected, and it virtually becomes a great clearing house of commerce.

It has general agreements with warehousemen, with great railroad lines, with various steamship and other maritime interests, covering the general needs of the trade at large, and in many instances these agreements have resolved themselves into forms of bills of lading, charter parties, etc., and are used generally in the commerce of the port. Agreements with the railroad companies also provide for the grading of grain at the railroad terminals in such manner as to effect large economies in labor, expense and terminal space. In the matter of grain, even the charges for receiving, weighing, discharging, towing, lightering, blowing, screening or dusting, etc., are subject to general agreements entered into by the exchange and the various interests concerned therein.

The regulated conduct of business on the New York Produce Exchange and similar exchanges accomplishes in a very natural way what the congress and the courts have been seeking to accomplish by force of law; that is, by the free and unrestrained use of an open market it prevents combinations in restraint of trade. The great monopolistic corporation is the one great foe of the commercial exchanges. An open market in which all the world may trade is just what such corporations do not want. It may be of further interest to note a fact that all merchants are well aware of—that an open market in which there is large trading tends to minimize fluctuations in value. A narrow market means violent fluctuations, but a great, broad market, capable of absorbing all business thrown into it, reduces fluctuations in values to a minimum.

Of course, in the same degree that the exchange makes trading easy and safe for the merchant, it makes trading easy and safe for

the man of a speculative turn of mind who wishes to act on his judgment as to values in precisely the same way that the title guarantee and trust companies, in combination with great estates and other financial interests making it easy and safe for a poor man to buy a home or for anybody to buy real estate, make it, in the same degree, easy and safe for the man of a speculative turn of mind to buy and hold real estate for an advance in value. In this connection it should be remembered that, though by the perfection of its machinery for the handling of business transactions, it enables men to make speculative purchases and sales, it also, by the same perfection of machinery, enables merchants to remove entirely the element of speculation from their business.

An indication of the great variety of interests represented on its floor is found in the fact that an attempt to make up a classified business list of its present membership resulted in a list of eighty-four headings, and one of these was miscellaneous with 202 members included therein; 297 members are identified with the flour industry; 256 with grain; 374 are receivers and shippers of general commodities; 133 are connected with transportation interests, 91 of these being identified with the steamship trade, showing the great importance of the export trade on the floor; 131 are provision men, 88 are concerned in the various lines of oil, 64 deal in stocks and bonds, 54 are bankers, 50 are insurance men, 38 are brewers, 37 are grocers, 63 are executives of corporations, etc. Hay, seed, feed, elevating, inspectors, weighers, measurers, tallow, greases, fertilizer, naval stores, millers, custom brokers, lawyers, bakers, coffee, lumber, vinegar, dried fruits, beans and peas are all included in the list, and so it goes on.

Even this partial list will, no doubt, surprise those whose only conception of a produce exchange is that it is a place where a few men meet for the purpose of speculating in wheat for themselves and for others. It is quite true that there is a wheat pit on the floor of the exchange; the grain business of the port could not be transacted without it. There is also a lard ring and a cotton oil ring. The trading in lard is insignificant. In cotton oil the trading is heavy, but is practically all confined to those whose business is in some way or other related to it. In wheat alone is the trading at all general, and this is because it is an article of universal interest. How small a figure the speculative business as such counts in the

business of the whole membership is shown by the fact that only 256 members are identified in any way with the chief article of speculation, and of these many are not at all concerned with the speculative side of the business and do not even use the future market in their business transactions. Over 100 of the 256 credited to the grain trade are in this class. No record is kept in New York of daily transactions in "futures in wheat." The business is largely contingent on the stock of wheat carried, and this in turn, aside from local needs, is contingent on the exportable surplus of the current crop and on whether Europe is buying our wheat or not. European interests trade largely in the New York market, and their operations are mostly of that hedging character so essential to the safe conduct of legitimate business.

The New York Produce Exchange is a semi-public institution. Its charter is a broad one and the state expects a full return in service to the community. Its functions are not alone to maintain a room for its own use and to establish uniformity in commercial usages for its own benefit. It must gather and disseminate valuable business information. This it does. Instantaneous quotations are shown on its blackboards in wheat, corn and oats from Chicago, Toledo, St. Louis, Kansas City, Minneapolis, Duluth and Winnipeg; in provisions and oils from Chicago; and cables are shown from Liverpool, Paris, Antwerp, Berlin, Budapest and Buenos Ayres, and all this information is given to the public through arrangement with the telegraph companies. Its statistical department is maintained at an expense of between \$40,000 and \$50,000 per year, and renders very valuable service to the whole community.

One of the chief functions of the exchange in connection with its public service is to foster and develop the commercial interests of the port of New York. In this the exchange itself is vitally interested, for anything affecting the commercial interests of the port, either favorably or unfavorably, is instantly felt by its members. While it interests itself in all legislation affecting commercial interests, probably its chief service to the port at large lies in its constant effort to keep open all avenues leading to New York. Under this head may be placed the efforts of the exchange to force the withdrawal of differential railroad rates against New York and its splendid work in connection with the new barge canal, for which it is largely responsible.

An illustration of the public value of its work along these lines may be found in the result of its recent single-handed contest against the practically prohibitive railroad rates on ex-lake export grain at-and-east of Buffalo. It succeeded in its efforts in May last, and as a result New York grain exports in May and June doubled over last year, practically all at the expense of Montreal, which port had been profiting at the expense of the Atlantic seaboard ports for several years by the railroad rates in its favor.

In its effort to adjust controversies and misunderstandings between persons engaged in business, its arbitration committee plays an important part. This committee has large powers in all matters submitted to it. It has the power to subpoena witnesses within certain districts, and all its decisions have the same force and power as a decision of the supreme court, and upon proper filing and proving the clerk of the supreme court will issue a judgment thereon. The arbitration committee has always been held in high regard by the business world. It has been extensively used, and by its splendid service has done much to advertise and popularize arbitration as a means for the settlement of business differences.

The complaint committee is the grand jury of the exchange and is the key to the enforcement of all its rules. All trade differences not submitted by agreement to some one of the trade committees or to the arbitration committee for settlement may be brought to an issue by a complaint. This results in an inquiry by the complaint committee, whose first aim is to conciliate the disputants. Failing in this, it either dismisses the complaint or refers it to the appropriate trade committee for settlement or to the board of managers for discipline. Non-members may use the committee or may be proceeded against in any case arising in connection with a transaction entered into with or through a member. Disciplinary action against non-members may result in their being denied representation on the floor of the exchange and members prohibited from trading for them. Many agreements to arbitrate are reached and many cases are settled out of court by threatened use of the complaint committee.

In common with many other exchanges, the New York Produce Exchange maintains a gratuity system making provision for the families of deceased members. When it was first established, membership in the gratuity system was made optional with existing

members but compulsory on all future members. As the system soon grew to be very expensive, it raised many serious membership problems, causing a gradual withdrawal of memberships for which the owner had no further active use, and preventing many whose use of membership would be merely nominal from uniting with the exchange. These problems have been wisely handled, and by means of an associate membership class it is now possible to join the exchange without assuming gratuity obligations if one so elects.

There are one hundred associate members on its list of membership. Gratuity matters have played an important part in the history of the internal affairs of the exchange during the last fifteen years, but, as they have nothing to do with the history of the exchange as a market-place, or with its economic position as such, they have not been referred to at length in this paper.

Because of its large property holdings the exchange is very strong financially, and after providing for all its work has a yearly surplus of \$60,000 to \$70,000, half of which is paid into the gratuity fund, the remainder being used for the purchase and cancellation of surplus memberships, thus keeping the membership an active one and gradually settling the gratuity problem. The present membership is 2,055, including associate members.

MERCHANTS' EXCHANGE OF ST. LOUIS

BY GEO. H. MORGAN,
Secretary, Merchants' Exchange of St. Louis.

The great exchanges of the country are the mediums through which the products of the field and farm are transferred from the producer to the consumer. To meet the demands of commerce there must be cities where large accumulations can be stored ready for the demand of those who, either as manufacturers or shippers, move the products in large quantities as there is a demand therefor. The farmer disposes of his crop to the country dealer, who with limited supply of storage room must move the commodity to some large central market where it will meet with ready sale and be shipped for domestic consumption or for export, or be held in storage awaiting a demand. There must be a large supply on hand, as grain especially is moved in quantities and must be inspected and classified as to grade and condition. Therefore, the middle man is an absolute necessity, being able to handle and care for whatever amount may be put on the market and dispose of same as the necessities of business require. The exchanges are of special benefit to the country shipper and farmer in making a market where their products can always be sold and in furnishing information as to values and movements of grain and other products by wire and mail so that a choice of markets can be had.

These organizations sometimes designated as boards of trade, chambers of commerce, merchants' exchanges, grain exchanges and produce exchanges are organized to handle in the quickest and most economical manner the various commodities, to inculcate just and equitable principles of trade, to establish and maintain uniformity in commercial usages, and to acquire and disseminate valuable business information for their own guidance as well as for their customers.

Among the most important of these organizations is the Merchants' Exchange of St. Louis the oldest trading organization in the United States and the third largest primary grain market. It is the legitimate successor of the St. Louis Chamber of Commerce, organ-

ized in 1836 and incorporated January, 1837. It owns and occupies a magnificent building, occupying two-thirds of a square, fronting 239 feet on Third street by a depth of 222 feet. In the western part of the building is located the grand hall, where the daily meetings of the exchange are held, and where business is transacted from 9.30 a. m. to 1.15 p. m. Here daily assemble the grain, provision, flour, seed and produce dealers to buy and sell their various lines, and the bankers, transportation agents, insurance representatives and others meet to negotiate business.

The grand hall, 221 feet in length, 93 feet wide and 80 feet in height, is unobstructed by posts or pillars and is surrounded by large windows affording an abundance of light and ventilation. The ceiling is a work of art, divided into three compartments each containing a grand medallion. The central figure is emblematic of the great city of the West, surrounded by groups typical of the agricultural, mineral and industrial products of the Mississippi Valley. The north compartment represents characteristic types of European nations, while the south medallion portrays types of other nations. The cornice surrounding the ceiling forms a border twenty feet wide, containing the names of all the states and representations of the merchant flags of the world. The other portions of the building are leased to dealers in grain and grain products, millers and others actively engaged in business transacted on the floor of the exchange.

While the largest interests are grain, grain products, flour, provisions, seeds and kindred lines, the merchants' exchange represents the varied industries of the city, and among its fourteen hundred members may be found bankers, brokers, manufacturers and others, who often find occasion to visit the exchange to meet and make acquaintances and discuss matters pertaining to the general interests of the city. During trading hours the floor of the exchange is a busy mart; on its tables are displayed samples of grain, flour, etc., for sale, and buyers and sellers meet and in a short time transact a vast volume of business that it would take hours to accomplish without a general meeting place.

Quotations of all the principal domestic and many of the foreign markets are received by wire and posted on the bulletin boards by operators who transcribe the reports without delay, making the service practically instantaneous. Quotations of the New York stock market are posted in the same manner and a large business is trans-

acted in stocks. On the grain tables where samples are exhibited sales are made of the receipts of the day, while in the "pit" trading in futures is carried on.

As before stated St. Louis is the third largest primary grain market, being exceeded only by Chicago and Minneapolis. In futures, sometimes erroneously called options, the volume of transactions is probably greater than any other primary market except Chicago.

Geographically the position of St. Louis as a grain center is ideal. Located in the heart of the great Mississippi Valley, near the junction of the Missouri, Illinois and Mississippi rivers, and in close proximity to the Valley of the Ohio, with twenty-seven rail trunk lines leading in all directions and water routes by the great rivers of the valley, furnishing unexcelled transportation facilities, it is in a position to command to a large extent the surplus grain of Missouri, Illinois, Kansas, Iowa, Nebraska, Minnesota, the Dakotas, Colorado and other states; while its exceptional advantages as a distributing point make it the point of distribution not only to the eastern seaboard and the south and southeastern territory, but to the gulf ports for export.

The annual receipts of grain, varying with the extent of the crops, aggregate from seventy to eighty-six million bushels, while the amount of flour manufactured and shipped reaches some three million barrels. Situated in the center of the belt producing soft red winter wheat a large percentage of this grade finds a market in St. Louis.

The commerce of the states of the Mississippi Valley was for many years carried upon the great rivers. While to a great extent this commerce has been diverted to rail lines paralleling the river and reaching many of the cities and towns back from river points, the unparalleled increase in the development of the great West with resultant tonnage to be handled, demands the use of every facility for moving this vast commerce, and it is by all recognized that the water routes must be utilized in conjunction with the rail lines to move promptly and economically the vast volume of traffic increasing year by year. To this end movements are on foot to place upon the Mississippi River steel boats and barges of modern make and power, adapted to the needs of river commerce, and the installation of modern methods for unloading and loading the boats and barges

at minimum expense. Two lines are to be placed in commission between St. Louis and New Orleans; a packet line is to be put in commission on the Missouri between St. Louis and Kansas City, and the present lines to St. Paul and intermediate points extended and enlarged.

With the improvement and deepening of the channel now in progress under the direction of the general government, the development of the inland waterways to something like their former greatness is confidently expected. Then the cities of the valley will be able to share in the vast trade that will develop to Central and South America, the Pacific states and the Orient upon the completion of the Panama Canal.

The larger part of the business transacted on the exchanges of the country is in grain. The grain is either bought at country points or shipped to be sold on commission, and is either sold on arrival on track, delivered on contracts or placed in elevator for future disposition. In the event supplies are greater than demand for immediate handling, dealers are always found ready to buy the grain and store it for future needs. This applies in all markets as the customs are practically the same. All grain received is inspected by state inspectors and graded, and if placed in elevators is stored with other grain of same grade or each car lot put in special bin. Grain thus stored and graded is deliverable on contract, the elevator receipt stating quantity and grade, being a legal tender and conveying possession of the property. Grain shipped for sale by commission firms pays all expenses of freight, inspection and weighing, interest on advances and all other charges, which with the commission is deducted from the gross proceeds and a check for the balance mailed promptly to the shipper. Contract grades are generally what is known as No. 2, this grade being intended to include the majority of merchantable crop free from dirt and damaged grains. The United States Department of Agriculture furnishes a monthly statement of condition of crops, which is wired direct to the various exchanges and to the daily press, and influences to a considerable extent the market.

The Merchants' Exchange of St. Louis, while primarily a trading body, keeps in close touch with all movements of a financial or commercial character affecting the interests of the city, state or nation. Being careful and conservative in the consideration of all public

questions, its opinions are given due consideration by legislative bodies and assist in securing the enactment of proper laws for the safe conduct of business.

The Merchants' Exchange maintains a traffic bureau for guarding the transportation interests of the city and preventing or correcting discriminations in freight rates. The exchange also maintains a department of weights for the purpose of securing the accurate and correct weighing and methods of weighing of all property handled by members of the exchange and all others requesting the service. The rules of the exchange provide committees of arbitration and appeals for the consideration and adjustment of differences arising between members, thus avoiding the expense and delay of legal proceedings.

It is practically impossible to estimate the volume of business transacted on an exchange. No record is kept of sales or purchases but the aggregate for the year amounts to millions of dollars.

A clearing house for the clearing of future sales is conducted by a corporation, which while independent and not under the rules of the exchange, is practically an adjunct and greatly facilitates the settlement of contracts.

THE EXCHANGES OF MINNEAPOLIS, DULUTH,
KANSAS CITY, MO., OMAHA, BUFFALO,
PHILADELPHIA, MILWAUKEE AND
TOLEDO¹

THE MINNEAPOLIS CHAMBER OF COMMERCE

Back in October, 1881, when the raising of scalps was a more popular pastime with the bulk of the inhabitants of the Northwestern prairies than the raising of crops, a handful of progressive citizens of Minneapolis got together and organized a Chamber of Commerce Association. Certificates of membership to the number of fifty, or thereabouts, were issued and Col. G. D. Rogers was elected secretary. Matters dragged along for a few years with the infant organization little better than holding its own.

The original value of the membership certificates gradually increased and the personnel of the body continued high, but there were few, if any, of the charter members who dreamed that the present powerful institution would be the outcome of the small beginning made in that early day for the city of Minneapolis. It is true that the Falls of St. Anthony were being developed for water power and a good share of that power was being used for grinding flour, but crops were meager and very few citizens of the country had the hardihood to predict such rapid development of the Northwest as has been witnessed.

The railroads solved the problem, however, and with the rapid influx of settlers a market was needed for the products of the prairies. Minneapolis was the natural market and the soil proved adapted to wheat. Consequently, from the small beginning of the association in October, 1881, the Minneapolis Chamber of Commerce has grown to be one of the most powerful institutions of its kind in the country and the Minneapolis wheat market has grown to be the greatest primary wheat market in the world.

The real holdings of the association now represent an invest-

¹A series of short articles reprinted in whole or in part from The National Hay and Grain Reporter's issue of May 20, 1911. These articles were specially prepared for The National Hay and Grain Reporter's number on "Grain Exchanges," and are here reproduced by special permission.

ment of over a million dollars and its members own and control property worth many millions. In the fall of 1882, Col. Rogers wrote an article for a leading Twin City newspaper predicting that the membership certificates, then numbering 538, would be worth \$3,000 within twenty years. The article brought down considerable ridicule on his head, but the prediction came true nevertheless, a high water mark of \$5,000 being touched in about that time. So the Colonel, who is still actively connected with the affairs of the association as counsel, lived to laugh last. It was decided that 538 members were all that were wanted and needed and a limit was placed, but in 1900 a dozen more certificates were issued, making a total of 550, where the limit has finally been fixed. These memberships are worth in the neighborhood of \$4,000 at the present writing. Of the original fifty members about ten still hold certificates, among them the Hon. J. C. Haynes, mayor of the city, who drew up the articles of incorporation for the association.

System in handling the grain was the order of the day and it was developed as fast as the trade demanded. Every effort was made to encourage agriculture and with the possible exception of one or two every year has seen an increase in the volume of grain coming into this market. Still holding the palm of being the greatest primary wheat market of the country, Minneapolis recently added the title of the greatest primary barley market of the country. Primarily, however, Minneapolis is the great milling center, made so by the unrivaled milling quality of Minnesota wheat. The malting industry is in its infancy as far as this market is concerned, but has made great strides in the past few years. The milling industry has outgrown the Falls of St. Anthony long since and steam auxiliary plants are turning most of the wheels. The latest innovation is the electric equipment recently installed by one of the largest and foremost milling companies.

The Minneapolis millers have always been in the lead as regards the correct and scientific way of making flour. Extensive laboratories are maintained by all of the leading companies and when the flour comes off the rolls the volume and quality of the same is known to a nicety. The high prices recorded in the local cash market in recent years have drawn considerable wheat from distant localities and tests are made of the different blends until the buyer on the exchange floor knows just how much of the softer

Minnesota and Iowa wheat is needed to mix with the hard Northern Minnesota and Dakota wheat. A type sample is made and the season's grind is based on it as conditions and the quality of the crop change from year to year. Millers have had a leading voice in the policy of the association for years, and it is due to their aggressiveness in the flour markets of the world, to a great extent, that the local exchange has grown so in importance. They have nearly always paid the best price prevailing in the country for wheat. The biggest millers of the country are members of the local Chamber of Commerce and they control the largest mills of the world.

It would not be fit nor proper to give the millers the whole credit for the expansion of the Chamber of Commerce, however. The elevator companies whose lines reach far out into the country and bring grain into this market have a great deal to do with it. Big line elevator companies having their headquarters in Minneapolis handle the crop readily and bring a great deal of grain to this market that otherwise would find its way to competitive markets. Even though the margin of profit has been cut down and the farmers co-operative movement has made it hard sledding in late years, there are a number of powerful elevator organizations located here. In fact it is nip and tuck between the elevator and milling crowd as to which branch of the trade is of greater importance in the affairs of the association, but honors to date are about even. There is little friction between them, however, and the harmony is seldom disturbed. The terminal elevator capacity controlled by members is well over the 40,000,000 bushel mark, or second in the country in size. A good share of this is represented by modern, up-to-date steel and concrete elevators second to none in the world. The bulk of the business is under Chamber of Commerce rules and regulations and the banks accept the warehouse receipts without question when presented as collateral.

Along with the rest of the trade the elevator operators keep abreast with the times. Through them, to a great extent, the season's requirements are learned. Their system of getting a line on the crop conditions is right up to date and when they have canvassed their agents for reports there is little use of waiting for other figures as a guide. In fact the information gathered by them is in great demand by the trade in general and many base their

position on the market on them almost exclusively, so great is the territory the houses cover.

The commission department of the association is taken care of by an alert set of men, mostly young in years, but old in experience. To get all the traffic will bear for their customers is the consuming ambition of most of them. A good sale is a good sale, and the shipper is given all that can be gotten out of the market. Owing to the keen competition for the country trade it is probable that there is greater system here than in other lines. When a car arrives it is disposed of as promptly as the market will permit and returns made to the consignor. The great size of the freight cars nowadays and the high prices prevailing make a carload of grain quite an investment and the country dealer quite naturally wants to get his money back as quickly as possible and keep it working.

There are many cases on record where a car of wheat has been received, sold and weighed on the same day, the commission house clerk getting the weights the next morning, billing for the car and making returns to the shipper the day following. It is very ordinary for returns to be made within three or four days from the receipt of the grain. In the busy season, especially is the railroad more than willing to co-operate with the commission man and get the stuff unloaded as soon as possible and the car on its way back to the country again. The study of the needs of the situation brings a lot of grain to this market that otherwise would be diverted to other markets, as the shipper can get prompt returns, which in many cases makes up for a slight difference in prices in favor of other markets.

The understanding between the commission men and country millers, with mills within reasonable distance of Minneapolis where state weights can be obtained, also tends to aid the former in getting business away from competitive markets. Wheat arriving in the local market and sold to these millers will bring a half cent premium over the wheat sold for local delivery and weights. The country millers make it a point to handle the grain promptly and send the certificate of weights to the commission house as quickly as possible. The extra half cent more than makes up for the extra time taken for making returns to the shipper. Relations between the commission men and millers are very cordial, and few indeed are the differences that can not be settled amicably and with promptness and dispatch.

Every facility is made use of by the buyer and seller in the cash department. The big electric quotation clock is in plain sight at all times and the latest bid or offer price in the pit is recorded instantly by the official recorder. This clock is the only one of its kind in the country, or was up to within very recently. It is the first one that could be successfully manipulated and has been the subject of much comment as well as the cause of many visits of investigation by representatives of other exchanges. It was planned by a former chief engineer of the mechanical department of the association. An accidental cutting off of the power at one time shortly after the installation made the cash wheat men doubly appreciative of the service it was performing. This clock adds a finishing touch to what is perhaps the most modern and compact trading room of any exchange in the country. The fluctuations recorded in an active market with its big red figures are rather demoralizing to a trader who is on the wrong side, more so than a few insignificant chalk figures could be. Under the clock board markers are busy chalking up the fluctuations in outside markets for the benefit of the members, some of whom need to know the value of wheat in the winter wheat markets and some who need the coarse grain quotations.

Dealing in futures was not of any importance in the local market until some time after the association was organized. In fact the commitments made were no more or less than sales and purchases to arrive within certain dates. Now, however, there are a number of big commission houses who make a specialty of looking after trades in futures for their customers. This branch of the business is as well attended to as any and the houses spare no effort to get the best they can for the people they represent. Several of them have offices through the country and in active markets do a tremendous business. In fact, when the Northwest traders get real busy they often set the pace for the rest of the world, at times when the spring wheat crop is threatened with drought or rust. The reasonable size of the pit makes quick action possible and the opportunity offered for quick trading brings in a good deal of business and the fluctuations are an influence in the markets of the world.

Recently a hedging order was cabled direct from Antwerp, for execution in the local pit. Though there may be larger markets in the country in the way of trading in futures there are none that are

ahead of the Minneapolis market in the handling of the trades and the official checking of the records. A complete record of the transaction in the pit must be sent to the customer at the close of the session, giving the name of the buyer or seller and the time the trade is made. Every fluctuation is noted and the time at which it occurred. These figures are published in the official publication of the Chamber of Commerce, where the trader may easily verify and check any discrepancies. Then all trades are reported to the clearing house where they must check against each other. Members failing to report trades are fined and in case of error or tardiness there are fines to be met which make the careful and prompt handling of the records a matter of economy.

It is proper to mention the Chamber of Commerce Clearing House Association at this point. It is the pioneer organization of its kind in the country and for a number of years was the only one. Most of the larger firms own memberships in it and it has been found to be almost a vital necessity to the trade. Certainly it insures less friction than the old way of trading and also facilitates business generally. When the trades are checked at the close of the session the member gives a check to the clearing house for margins or in case the market has fluctuated in the favor of their customers they receive a check. It does away with a great deal of trouble. To settle with the clearing house at a certain time every day is a far different matter than calling each other for margins. Its plan of operation is practically the same as that of the clearing house of the banks and fills a need just as well. Since it has been found successful here, several other markets have adopted the plan and more are investigating it. Its management is intrusted to its originator who is undoubtedly the closest mouthed individual in the community.

Of course the information he gets in his official capacity would be of great value to traders, but a perfectly neutral attitude and a "poker face" are necessary to a man holding his position. There have been no complaints as to his qualifications to date. With the clearing house a part of the system there is no more satisfactory or reliable hedging market in the country. Under the quotation clock in big red letters is official notice to the public that the quotations are the property of the association only and bucket-shops are forbidden the use of them. There is never a relaxation of the vigi-

lance over them where the bucket-shops are concerned and as fast as leaks have been discovered they have been closed up promptly until the operators have given up in disgust. One of the biggest bucket-shops in the country met its Waterloo when it locked horns with the Minneapolis Chamber of Commerce. Just say "bucket-shop" above a whisper and there is a racket in a minute.

One of the chief objects of the Minneapolis Chamber of Commerce is to be of as great benefit to the producing and consuming ends of the grain business as possible. It would be hard to find a more progressive and liberal minded set of business men in the country or one that is more interested in the development of the section it serves, yet the grain raisers persistently misunderstand the motives and view the moves of the association with suspicion. To become a member an applicant has to undergo a rigid investigation of his previous career and must show his responsibility to look after the interest of possible customers without flunking. The application is first handed to the membership committee and when they are through investigating the matter is put up to the board of directors where it is usually passed upon and the applicant admitted to membership if the report of the membership committee is favorable. Occasionally, however, a snag is struck in one of the directors who may have some direct information of adverse nature or may not just like the report. If such is the case further investigation is made and the matter is gone over thoroughly before a certificate is transferred to the applicant. By the foregoing procedure the association keeps the morals of its body high. The shippers are insured honorable and just treatment and once admitted into the association the member is entitled to the full confidence of the trade in general.

Every care is taken to show equal justice to all in the trade and shady or questionable transactions are sure to be followed by swift and sufficient discipline. Flagrant offenses are very rare and no time is lost in purging the roll of the offending member's name. There are no memberships issued to corporations and each individual member is responsible for the actions of his firm or company.

Wheat remains the leading grain in this market, but the coarse grain trade has grown wonderfully in the last decade. If the reciprocity pact with Canada is passed there will be a great deal

more corn and oats sown in the Northwest and further strides are looked for in that direction. The first year of the association's life about 25,000,000 bushels of wheat were handled and about 3,000,000 bushels of coarse grain. Five years later about 40,000,000 bushels of wheat were handled and the coarse grain movement began to pick up decidedly until now the percentage of the movement is a great deal less in favor of wheat. In 1886 about a half million bushels of corn were received in this market and 155,000 bushels were shipped out. Of the 1909 crop 7,021,000 bushels were received and 5,041,000 bushels shipped. Oats receipts increased from 1,877,000 bushels to 17,610,000 bushels in that time and barley receipts from 138,000 bushels to 22,555,000 bushels. Rye receipts in 1886 were 11,100 bushels as compared with 2,442,000 bushels from the 1909 crop and flax receipts were 349,000 bushels compared with 9,251,000 bushels. The last named cereal, however, was at high tide in 1905, when 12,231,000 bushels were marketed. The notable gain was made in the barley movement, which has increased heavily every year for the last ten years.

Wheat receipts from the crop of 1885 were 32,767,000 bushels and from the crop of 1909, 101,567,000 bushels. Shipments from the 1909 crop were 22,093,000 bushels compared with shipments of 4,929,000 bushels from the 1885 crop. From the 1885 crop 5,428,581 barrels of flour were ground and shipped while 16,919,867 barrels of flour were ground and shipped from the 1909 crop. Last year 70,000,000 bushels of wheat were ground into flour by the local mills, which have a capacity of 100,000,000 bushels and which the millers expect to put in full use when the Canadian pact is ratified.

The above statistics will tell the story of the growth of the Minneapolis Chamber of Commerce in plain fashion. The development of the Northwest in the cereal raising line has been phenomenal and unsurpassed and the growth has been due in some measure to the market Minneapolis offers for the products and the high comparative prices paid for the wheat crops. The association is working hand in hand with the producer and middleman in the country and with a militant arm as represented in the Minneapolis Traffic Association, in which it is a leading influence, is protecting its territory from competing markets. The old Chamber of Commerce building, which readily housed members when it was built has been succeeded by a magnificent ten story building to which an

annex has been added to take care of the overflow of the last few years. Even at that a few big milling and elevator firms have quarters uptown because of the lack of space. The opening up of new country constantly in the Northwest and the better methods of farming in use and being encouraged will assure future growth and present indications are that the association has many years of expansion before it and a constantly growing influence in the trade of the world.

THE DULUTH BOARD OF TRADE

Duluth is at the head of deep water navigation on the Great Lakes, the farthest point inland that can be reached by the great carriers that have reduced transportation costs to the minimum. This commanding position makes it the great distributing center of the Northwest, and it is this that has made the Duluth Board of Trade one of the great primary markets of the United States—the third in point of total receipts, in all years of normal production in the Northwest.

The first receipts of grain at Duluth, came from the crop of 1870 and followed immediately upon the entrance of the first railroad. The great consuming markets of the East could be reached at cheapest cost by following the water route, and from the moment it became possible to make use of this highway of transportation the movement of grain turned this way and began the building of a great grain market at Duluth. As the facilities of transportation were improved and enlarged the business of the Duluth market rapidly increased, and with the great agricultural expansion of the Northwest, attained a growth that was practically without precedent in the country.

The eastern manufacturer of grain products looks to the Duluth market for his supplies of Northwestern grain. It is here that the eastern flour miller gets his supply of spring wheat; the maltster his northwestern barley; the food manufacturers and feed dealers their oats and the linseed mills their flax. The same advantages that have led to the building up of a great eastern shipping market have brought the development of a large export trade, its volume depending upon the market conditions existing in this and other countries.

When, a few years ago, the Northwest went extensively into

the raising of flax, Duluth immediately became the leading flax market of the country, which position it still holds. Since the beginning of the production of durum wheat it has held the same position with respect to that variety of grain, and is now the only market in which contracts for future delivery in those two commodities are dealt in. In spring wheat the demands of the mills of the Northwest must naturally be first supplied, but in obtaining those supplies the northwestern miller must meet the competition of the eastern miller who is bidding at Duluth for the fine wheat of the northwestern prairies. The existence of the market at Duluth is therefore a direct and convincing benefit to the producer of the Northwest.

The Duluth market is by no means at its zenith at the present time. Its prospects for the future are as bright as its record of the past. Tremendous as are the strides made by the Northwest in agricultural development, its possibilities have been far from reached. Almost one-half of North Dakota is untouched and the same is true of South Dakota. Northern Minnesota is a great fertile region which has been suffering from an impression that it offered little hope, but there are already signs that a great tide of immigration is coming this way. Montana is fast being broken into agriculture and is a veritable empire that will soon be one of the great grain raising states of the Union.

Should Congress adopt the reciprocity agreement, the result cannot but be to add to the importance of the Duluth market. The Canadian surplus goes East via the lakes. With free trade in grain the port of Duluth will be a competitor for the traffic and the Canadian farmer will have two markets wherein to sell his products where he now has but one.

The Duluth Board of Trade as an organization has prospered. It owns a handsome seven-story building 100 by 140 feet, practically free from debt. It has two hundred memberships outstanding, all in active use. Ample elevator capacity is an essential for every primary market, and Duluth is well equipped in this respect, the capacity operated by Duluth companies aggregating 32,275,000 bushels. Of this amount 24,500,000 bushels is regular with its warehouse receipts deliverable on contracts.

THE BOARD OF TRADE OF KANSAS CITY, MO.

The Board of Trade of Kansas City was organized in 1869. The grain and milling business of Kansas City is, and has been, for many years, one of its most important industries. Situated, as it is, in the center of the very best farming territory of the country, with railroad facilities unsurpassed, it naturally is a great grain receiving and distributing market, drawing from Oklahoma, Kansas, Southern Nebraska, Western Iowa and Western Missouri. It is the second largest primary wheat market and ranks third as a flour milling center in the United States. The mills, when running at full time, require 65,000 bushels of wheat each twenty-four hours.

The following statement of the receipts of grain shows the development of the business in this market: 1870, 1,037,000 bushels; 1880, 9,029,930 bushels; 1890, 29,939,200 bushels; 1900, 46,638,250 bushels; 1905, 69,599,500 bushels; 1910, 50,221,300 bushels. These figures, however, are not a complete statement of the business done by the members of the Kansas City Board of Trade, from the fact that whenever the prices in this country are on a shipping basis with the foreign markets, large quantities of grain are bought by our members and exported direct, without passing through Kansas City and therefore do not enter into the statistical report of this board.

The handling of grain at terminal markets requires large storage capacity and these facilities must necessarily keep pace with the growth of the business. In this respect Kansas City has met the requirements of the trade, for the elevator capacity, which in 1880 was 1,560,000 bushels, has steadily grown and is now over 11,000,000 bushels.

The first flour mill in Kansas City was built forty-five years ago. In the early days of milling here, only soft winter wheat was ground. Hard wheat was not known as a winter crop. This variety of wheat was introduced by the Russian Mennonites, who settled in the central part of Kansas. These people brought with them to America seed wheat of their own raising in the Crimea. At first it found no favor, but afterwards it was discovered that it closely resembled the spring wheat of Minnesota, which wheat has made Minneapolis flour famous. At first the mills ground the hard winter wheat in an experimental way, but the quality of the flour and bread produced from it quickly caused an increased

demand, so at the present time all but the Kansas City mills grind the hard turkey wheat.

Kansas now produces an average of 80,000,000 bushels of wheat. This, with the large yield of Oklahoma and Nebraska, insures the Kansas City mills a constant and unfailing supply. Our millers find a market in the states east of the Missouri, Cuba and Porto Rico, and have some trade with South American ports. Kansas City flour is shipped in great quantities to Great Britain, Belgium, Holland, Denmark, Scandanavia, and to some extent to Mediterranean ports.

There is large and active trading in futures on the floor of the Kansas City Board of Trade. All trades in wheat are based on No. 2 hard wheat, which is known to the trade as "contract wheat" and the wheat deliverable in contracts must be acceptable to a Board of Trade Committee, which Committee is composed of experts appointed by the president and confirmed by the directors. This gives an opportunity for millers to buy for future delivery, which they may use as a hedge or accept delivery as they may deem expedient.

This is the only market in which future trading in wheat is based exclusively on hard winter wheat.

The State of Kansas in the year 1909 raised 154,255,000 bushels of corn. While the handling of corn and other cereals in this market is of great importance, yet it is small compared with the large quantity raised in the territory tributary to Kansas City. This can be accounted for from the fact that comparatively a small percentage of the corn raised is shipped out of the state, there being an enormous and increasing demand for this cereal for cattle feeding, the farmers finding it profitable to market their corn in the form of fattened beef and pork.

The board of trade for many years has had a thoroughly well established supervising weight department which insures absolutely correct weights. It also has a sampling department which is constantly growing in favor and usefulness. Increasing purchases and sales are made, based upon the sample submitted, which sample is deposited with the chief sampler and deliveries are made under the chief sampler's supervision. His acceptance or rejection is final.

The average yield of wheat per acre in most sections of the United States is much less than in European countries and of late

more general and active interest is being taken by agricultural colleges and economists, looking to the improvement of seed and more intensive farming. This, we believe, will result in producing a better and larger yield of cereals. In this, the Kansas City Board of Trade is deeply interested, giving it its moral and financial support. We trust that careless and indifferent farming will in the near future be a matter of history as pertaining to a people of a new country in possession of large undeveloped resources.

THE KANSAS CITY BOARD OF TRADE CLEARING HOUSE

Kansas City's rise to third place among the grain future markets of the United States dates from the organization of the Board of Trade Clearing Company, in March, 1899. Previous to that time the operations in deferred contracts were few and irregular, and the market had no rank as a speculative centre. As an illustration of the insignificance of the trade during the middle nineties, it may be recalled that one of the elder members of the board of trade, pointing toward the empty hexagonal pit, remarked: "That useless thing should be torn out and made into kindling wood."

But new blood was coming into the exchange, and the possibility of developing something more than a mere cash grain market was recognized. Somebody made a suggestion, and the result was the establishment of an association with the avowed purpose of facilitating the trade in futures. Kansas City being the leading winter wheat market of the country, as well as a big receiving and distributing point for corn and oats, the wonder is that traders here and throughout the Southwest had so long been content to send their hedging and speculative orders to Chicago.

The company was incorporated and capitalized at \$5,000, making the shares \$50 each. Within a year or two the success of the enterprise was assured, and in 1902 the stock issue was doubled, the 100 additional shares being sold at \$175 each, the book value at that time. Membership in the company was limited to Board of Trade members, the number of shares to be held by one person being restricted to 20. The actual number of members to-day is 110, and the book value of shares is \$350. Annual dividends of \$20 a share have been regularly paid, although the clearing charge has been reduced from 3c per 1,000 bushels to 2c.

Primarily the clearing house system was modeled after that of the Minneapolis Chamber of Commerce, but with the increase of business came the necessity for greater economy of time and a simplification of methods. The office work was systematized and perfected by W. L. Garrett, who was manager from May, 1900, to January 1, 1903. It was in 1901 that George G. Lee entered the service of the company as assistant manager. Under Mr. Garrett, Mr. Lee caught the spirit of the unique cancellation system, and, after further service under A. D. Wright, in 1903 and 1904, Mr. Lee was chosen as manager, with G. M. Edgecomb as assistant. The office has since remained under the control of the two men last named, and their work is highly satisfactory.

According to the statement of Mr. Lee, the total operating expense of the clearing house is only \$5,000 a year, exclusive of telegraph charges for sending market reports to other cities. All work is done in a single room on the fifth floor of the Board of Trade building between 8 a. m. and 4 p. m. The rush comes with the close of the market, at 1:15 in the afternoon, as all reports must be in by 2:15. On Saturday, when the market closes at noon, the balancing of accounts is done by 1:30 p. m. Promptness in making returns to the clearing house is enforced by a fine of \$1 when a member is 15 minutes late, and every 5 minutes of additional tardiness costs \$1. The fine for errors is 25 cents.

"The manager has a wide latitude in calling for margins," said Mr. Lee. "This is necessary in cases of wild market fluctuations, or where members are suspected of financial embarrassment. As the clearing house is responsible for all trades put through it, close tab must be kept on the position of each member.

"One of the advantages of the system we use is the dispensing with the identity of the trades cleared through the house. All we know is that 'Tom' bought and sold so many thousand bushels of grain in a day, dealing with 'Dick' or 'Harry,' and that the returns of these other traders exactly correspond with 'Tom's' records. We don't know or care whether the trades were individual or for customers. That detail is a matter for the members' bookkeepers. Under the system the tying up of large sums of money in margins, in event that a long or short on the other end refuses to 'ring out,' is avoided. Thus an evil which tends to concentrate future trading into the hands of the stronger firms is eliminated. The theory is

that the small firm has the same right as the big one to handle future business, so long as the margins tendered to the clearing house are sufficient to protect the trades involved."

So well is the Board of Trade Clearing Company's system regarded that it has recently been copied by a similar organization in the St. Louis Merchants' Exchange. Nashville traders borrowed the idea a few months ago, and the system is in use in Omaha, Wichita and New Orleans.—BY T. J. TANNER.

OMAHA GRAIN EXCHANGE

The nearer the point of production a market is situated, the greater the efficiency of that market, both to the producer and the consumer. This maxim has unquestionably been proven by Omaha, the youngest grain market of importance in the United States, which has risen in six years from a mere distributing point to a position among the first grain markets of the country.

From the time of the formation of the Omaha Grain Exchange to the present, the market has steadily grown in efficiency, and the skeptic who at first looked with apprehension on the exchange, has grown to respect and support it—the country shipper and outside purchaser alike attesting to its stability. Omaha is purely a primary market, and the only purely primary market of prominence in the country. Not a bushel of grain is received during the year except that which is shipped from the country stations. Fully fifty per cent of this is in turn reshipped to points other than established markets. This fact alone proves its efficiency as between the producer and consumer.

The country shipper of Nebraska, South Dakota and Western Iowa, consigning his grain to Omaha is not only assured of prompt railroad service because of the proximity of the market and thereby lessening his chances of deterioration, as in the case of corn, but this short haul greatly reduces his interest charges which are a big item during the course of a year's business. The weighing and inspection departments, which are independent and under the control of the exchange, are of the highest standard, and no better safeguards are offered in any market. The fees of this department are less than at any other large market. The reinspection rules are strictly adhered to, and the matter of discounts is left to a committee of

unbiased members of the exchange, who determine what discounts, if any, shall be allowed, according to the values of the grain and not according to any set averages of grades. Trading among the members is broad and liberal and a more square, more aggressive association of business men cannot be found anywhere. Prices are uniformly on a parity with the other markets, and the price of oats has been higher in Omaha the past two years than at any other point. For years, it has easily maintained the proud position of Second Primary Corn Market. Omaha has started the year 1911 as the fourth primary market of the United States.

Previous to the organization of the exchange, the elevator capacity was 2,140,000 bushels and the receipts for 1904, which was the first year of the existence of the exchange, were less than 18,000,000 bushels, of which approximately 4,000,000 bushels were wheat; 9,000,000 bushels corn and 4,050,000 bushels oats. Compared with this, the market received 24,000,000 bushels of corn alone last year, being the second primary corn market of the country. Receipts for the last two or three years have been about 43,000,000 or 44,000,000 bushels, or two and one-half times as great as for the first year of the life of the market. The elevator capacity has almost trebled, being now 6,115,000 bushels.

Though total grain receipts for last year varied but slightly from the previous year, Omaha gained over 3,000,000 bushels in corn receipts, growing to greater importance than ever before as a primary corn market. It is not strange, though, that corn receipts are large, or that it is expected that they will be still larger in coming years, as Omaha is a natural market for two great corn states, Nebraska and Iowa.

When the exchange was started, it was with a limited number of "smaller dealers;" the line companies had practically all the business. Now thirty-eight active grain firms hold membership in the exchange, with ninety-two active grain members. And at the same time the line companies are doing more business than ever before. The market has broadened. A large percentage of the membership does a consignment business and the market is broad enough now so that any commission merchant can always find an outlet for his patron's grain at attractive figures. More actual transactions have been made on the exchange floor within the last year than in any other year in the exchange's history. The records of Chief Grain

Inspector Powell show that more grain, by 25 per cent, was weighed and inspected in Omaha in 1910 than in any other previous year.—
F. P. MANCHESTER, *Secretary*.

THE BUFFALO CORN EXCHANGE

The grain trade of Buffalo prior to 1906 was associated with the Chamber of Commerce, which was the general commercial organization of the city, representing as it did all branches of local industry. For a long period previous to this the Buffalo grain merchants enthused with a growing pride in their city and realizing the magnitude of the grain business which it enjoyed, determined that Buffalo, like all other large grain centers, should support an exclusive grain organization. Consequent upon this universal desire to boost the commercial interests of the great city of Buffalo and to unite all the representative grain interests of this port under an exclusive association, the Corn Exchange of Buffalo was organized and commenced active operations in April, 1906. At this time the departments of inspection and weighing of grain were assumed by the corn exchange and entire jurisdiction over all matters pertaining to the grain trade were taken by the newly organized body.

At the outset, the corn exchange enjoyed the confidence and respect of her sister grain exchanges and was abundantly supported by the grain trade at large. The Buffalo grain interests teeming with pride in the success of their efforts, have perfected an organization representing an exclusive cash grain market, unsurpassed in the United States. The success of the grain business in this city is evidenced by an increase in the annual working force in the inspection and weighing department of from seven employees in 1898 to thirty-two in 1911.

Buffalo is especially favored as a grain center, it being an undisputed fact that it is the greatest as well as the most available distributing point in the United States, due to the exceptional geographical position which it enjoys and the transportation facilities it possesses, both rail and water. The city located as it is at the foot of the Great Lakes is a magnet between the grain shipping interests of the West and the Northwest and the Atlantic seaboard, being accessible by numerous trunk line railroads of which Buffalo is the terminus. Upwards of fifteen railroads enter the city, rendering the most complete facilities for handling the grain product of

the West and distributing same throughout the East and South. The elevator facilities are unexcelled with a capacity of upwards of 22,000,000 bushels, and at an approximate cost of \$14,000,000. This elevator capacity for receiving grain from lake vessels and railroads and transferring same to canal boats and cars makes a possible transfer capacity each twenty-four hours of 5,500,000 bushels. Also the malting interests of this city represent a total storage capacity of 11,550,000 bushels with an estimated capital of \$6,000,000.

The large transfer elevator capacity and facilities for handling grain, afford a great protection to shippers, especially of corn, which at certain seasons of the year is susceptible to rapid changes in condition. Such grain is cooled, dried and put into merchantable condition for a reasonable charge, thus placing the Buffalo market in an enviable position for the disposal of soft corn, and any other grain which is out of condition. This is partially evidenced by a comparison of the receipts of corn in 1910 of about 37,793,368 bushels as against 31,478,578 bushels in 1909.

Buffalo is also listed among the first cities of the United States for its flour milling industry, which showed an output in 1910 of 4,095,650 barrels, an increase of 695,000 barrels over 1909. During the year 1909 and 1910 the milling industry has been greatly improved and the output increased 8,000 barrels daily, with a total daily output of 20,000 barrels, making it the second milling city in the world.

Taking a resumé of Buffalo's superior advantages as a grain market, it occupies a position unexcelled in this country, which is evidenced by its excellent geographical position, its elevator equipment, its lake and rail facilities for receiving, handling and distributing grain and grain products, and the protection afforded the grain trade through the organization of the corn exchange, which it is the duty and privilege of this and all other grain exchanges to provide.—FRED B. POND, *Secretary*.

THE COMMERCIAL EXCHANGE OF PHILADELPHIA

After a successful history of fifty-seven years, keeping in close touch with the domestic and export grain trade of the United States and the exact situation in other countries, and always in the

lead for the greatest advantages of its terminal port, the improvement of the water rail facilities, and the most equitable rates and regulations for traffic, the highest standard inspections of all manner of grains, as well as flour, feeds, hay and straw, together with provisions, the members of the commercial exchange can look back through the dim vista of the past with the greatest pride on the many substantial accomplishments brought about for the advantage of the growing business interests of Philadelphia and the Keystone State, with its busy neighbors, almost entirely through the efforts of this prominent and influential trade organization.

Like many leading commercial associations of the present day, its beginning was of the humblest character, but "great oaks from little acorns grow." For, in the year 1854 a modest coterie of flour and grain men assembled in a small room on the second floor at Second and Gold streets, and after some interchange of opinions, they decided to form a business association, and a tentative constitution and by-laws were adopted. At the next meeting a ponderous leather-bound book was presented, still in the possession of the exchange, in which the first minutes were recorded, and the signatures of the men who were the leaders in this movement are therein contained, as legible as on the day when they were written, and it may be of some interest to note that the penmanship of those times was exceedingly ornate, inasmuch as the signatures of the most conservative of the merchants are replete with really graceful flourishes.

William B. Thomas, the father-in-law of Hunter Brooke, the present head of the well-known malt and grain firm, first a colonel, then a general in the Federal Army, and afterwards Collector of the Port of Philadelphia, presided at these early meetings, and was chosen chairman of the committee to draft the constitution and was installed the first president of the then known Corn Exchange Association; Samuel L. Witmer was made secretary.

For a time the preliminary organization became known as "The Flour and Grain Exchange Association," for it was then simply a combination for the furthering of the retail trade, and many of the great tracts of land which since have made wheat history for the world, were then only known as virgin soil. The telegraph had just rounded its first decade, and the inter-continental cable had not been laid. In those days the grain trade in general had

the romance of uncertainty, and modern speculating in grain is like betting on a sure thing as compared to the reckless way in which Dame Fortune was wooed when the exchange was in its infancy.

For example, a ship would leave this port and put out to sea laden with grain. The consignor did not know what he would get for the cargo. The trip might be an entire loss, or perhaps a snug little fortune was realized. Often times there would be a rumor in this country that there was a famine in Ireland, and as it took a sailing vessel at least two months to make the voyage across the ocean, the distress could be relieved before the ship reached Liverpool.

The skippers of the grain ships were mainly of that sturdy, resourceful type who would frequently be entrusted with selling the grain when the coast of England was reached. If the captain of the craft was not accorded this responsibility, a young man from the broker's office, or a member of the firm listed as a "supercargo" would make the voyage. As sixty days was the average time to sail across the ocean, it was usually an additional month before the consignor could learn what had been the fate of the cargo. During those long, long waits the merchant of Philadelphia controlled his nerves as best he could, haunting the ship offices to glean the thirty-day-old gossip.

But if the news at last proved favorable the profits were often large and the financial harvest added an encouraging zest of adventure to the next cargo which was sent out from the port. But things are different now, for that was over half a century ago. Now the grain and flour, feed and hay are bought in the West and elsewhere by wire, and if the grain goes to England, it is sold by cablegram, and the transportation is frequently arranged by telephone. The shipper knows just how the market stands at every point in the civilized world, and through the up-to-date business progression, the old-time romance of wheat and corn exporting has been completely wiped out of existence.

The initial meetings of the exchange were held at Second and Gold streets, but as the association became strong in membership and influence, a building of its own was erected on the east side of Second street, between Walnut and Chestnut, which was styled the Chamber of Commerce, and was pointed out as the headquarters

of the grain trade to business strangers coming to the city. The exchange occupied the second floor, with offices below, the structure being on the historic ground of the old "Slate Roof" house of William Penn, and when the "Corn Exchange" proposed to build, and William Welsh, at the head of a committee of citizens, secured the property, the Quaker element was shocked as they maintained that a priceless relic was sacrificed. When it was proposed to purchase as far south as Walnut street, the discovery was made that a small portion of land, twelve by sixteen feet, was not covered by original deeds or patents. This proved to belong to the Six Nations, to which it had been presented by the sons of William Penn, when the Indian Chiefs, on a visit to Philadelphia, refused to negotiate a treaty or even talk about it, until they could stand on their own ground and build a council fire on their own land. One of the committee visited the Indian Reservation on the Allegheny River, and was referred to "Colonel Parker," their chief in New York. He confirmed the fact, but said there was no record, a wampum belt having been the confirmation. This belt has since been deposited at Albany, with all the wampum belts of the Six Nations, and said to have been destroyed by the recent fire at the Capitol buildings. Granville Penn visited this plot of ground and knew all about it. The exact location is in the rear of 45 South Second street. The dedication of this new home took place on March 1, 1869, just a year following the change of the name of the organization from the Corn Exchange Association to the Commercial Exchange of Philadelphia, and after an occupancy of nine months a disastrous fire broke out and the building was burned to the ground, the entire fire department of the city failing in their endeavor to save the structure which was of brick.

The next great chapter in the history of the exchange was the movement which brought about the establishment of the American Line of steamships making quick communications between this port and Great Britain; then came the stubborn but successful contest with New York to retain the ruling differentials here, which was a long-drawn period of trade warfare. Before the war Philadelphia had an extensive trade with the southern states, and after peace was declared the main source of supply was in Pennsylvania, Ohio, Southern Delaware and Maryland. This condition, however, was changed by the outreaching of the western trunk lines when the

great wheat and corn belts, west and northwest of the Missouri River, were thrown open.

Thirty or forty years ago 20,000 pounds was considered a maximum freight car load, and all above that was charged as excess freight; now the maximum is easily 100,000 pounds.

In 1854 the grain firm that had a correspondent one hundred and fifty miles away within the country was considered unusually progressive, while now the members deal two thousand miles inland and three thousand miles over the water. With the development of the industry came a change in the class of memberships, which in the beginning covered miscellaneous business. Coal dealers, liquor men, grocers and dry goods merchants have dropped out and those principally interested in cereals are mainly in evidence now. The membership is comprised largely of those handling flour, feeds, grain, hay, straw and provisions, though leading representatives of the banks, railroads, shipping lines, distillers and brewers are still on the roll.

In 1894-5, when the "Bourse" was completed with its mammoth building which extends from Fourth to Fifth streets the length of an entire square, and modeled after its foreign namesake, the only establishment of its kind in the United States, the Commercial Exchange disposed of its stock holdings in the Chamber of Commerce building, and, under President E. L. Rogers, made a lease for their present quarters on the north side of the main floor of the Bourse which they now occupy; and, while for a time some of the veterans in the grain trade looked upon the move of abandoning their old home for a modern leasehold, as an unfortunate move and loss of identity, the great advantages derived in the accommodations and facilities, including telegraphs, tickers, quotation boards, long and short distance telephones, office, floor and sample table space, postoffice, reading, writing and news rooms, with dining restaurant and every known up-to-date equipment and privilege, they have become fully reconciled to its untold improvements and comforts.

The grain inspection department for twenty-five years in special personal charge of Captain John O. Foering, who received all inspection dues and paid his corps of assistants, bringing the character of inspections at this port up to the highest standard, has now become a fixed department and asset of the exchange, whose chief official is William J. Duffy, who occupies a special room in the Bourse building with his deputies.

While the exchange is one of the oldest trade bodies in the country, from time to time at the closing of each year it has thrown its dignity to the winds and lined up the grain men against the flour men in a pitched battle over the grain floor, after call hours, pelting each other most mercilessly with sample bags of grain and flour until one side gained the victory. But reform and progressive-ness became popular a year ago, and this ancient but strenuous custom has been consigned to the tombs of the Capulets, and music and song and good fellowship now usher out the old year.

In the early days the annual elections were most expensive and exciting, champagne flowed like water and "green wads" changed a plenty, and cabs and carriages gave free rides to voters from every section of the city. Now, with an occasional exception, this annual affair, which closes with a luncheon, is a veritable "love feast."

Exports of corn in 1900 footed up 33,452,170 bushels, and in 1908 there was shipped abroad 17,061,938 bushels of wheat, and in 1899 the export oats total footed up 7,880,766 bushels; but since Russia and the Argentines have gone into sharp competition for the European balance grain trade, exports here as well as elsewhere have fallen off considerably.

THE MILWAUKEE CHAMBER OF COMMERCE

The Milwaukee Chamber of Commerce is one of the oldest exchanges of the West or middle West, and Milwaukee, at one time, as we are fond of recalling, was probably the principal primary market of the country. That proud distinction cannot be claimed for her now, under the changed conditions of transportation, the shifting of population centers and the development of new territory, but Milwaukee, nevertheless, lays rightful claim to many advantages as a market for grain that will ever keep her in the front rank, and there will be in the future an organized and systematic influence at work to keep these advantages and the superior facilities existing in this market, before the eyes of the rest of the world.

Considering Milwaukee as a market to which the shipper may profitably consign his grain, hay and seeds, we are proud of our weighing and inspection departments, and are gratified to know that Milwaukee weights have an enviable reputation for reliability among the trade, as has so often been testified to.

Milwaukee is one of the very few large markets of the country

where the inspection of grain is not under the control of the state. The inspection here is under the supervision of the Milwaukee Chamber of Commerce, and in the fifty odd years that this has been so, no occasion has arisen for placing the inspection of grain in any other hands than those of the chamber of commerce. The department is constantly striving to improve methods and increase efficiency, until there has been evolved an almost perfect piece of mechanism which serves the association of six hundred members, composed of all the varied interests, receiving, shipping, milling, malting, etc., with equal justice and fairness to all.

The improved methods adopted for the sampling and inspection of grain have been the means, during the past year, of attracting buyers to this market, where the grades of grain can be fully relied upon, comparing favorably in this respect with any other market.

Milwaukee as a Market

Milwaukee furnishes an excellent market for wheat and all the coarse grains. Mills and malting establishments require wheat and barley for manufacturing purposes, and during 1910 approximately 6,000,000 bushels of wheat and 11,000,000 bushels of barley went into local consumption for the manufacture of flour and malt, respectively.

The total receipts of all kinds of grain at Milwaukee during 1910 were 48,355,914 bushels, with two exceptions, viz.: 1898 and 1899, the largest in any year in the history of the city.

Corn and oats are handled extensively here, and a large trade exists with Eastern territory in these grains. An exceptionally good outlet to the East is found in the transit lines across Lake Michigan to Grand Haven and Ludington. Car-ferry and break bulk service in connection with the Pere Marquette and Grand Trunk Railways, is maintained throughout the entire year. The eastern buyer is enabled to receive an official certificate which shows him that the weight of grain being transferred through the elevator of the railroad company on the east shore of Lake Michigan, has been determined under the supervision of a sworn weigher of the Milwaukee Chamber of Commerce.

There is no market more favorably situated than Milwaukee, so far as the cost of freight transportation is concerned, and shippers are given the benefit of the lowest freight rates in having their

grain ultimately placed with the dealer, manufacturer or consumer, either in the western or eastern market.

The railway companies, during the past year, have greatly increased the terminal facilities at Milwaukee, and grain shipments are given preference over nearly all other kinds of freight. Switching arrangements, both locally and to connecting lines, are now perfect and at the least expense to the shippers.

Much has been recently said and written regarding "privilege trading," a form of contract which is used in most all markets, but with certain restrictions or modifications in some.

Trading in privileges is one of the features in this market. It has never been regarded as illegal in Wisconsin, as it has been declared in some other states. In fact, a Wisconsin law of the 1902-03 session asserts:

"That in every purchase or sale, or purchase and sale, and all other transactions by or between members of any lawfully constituted chamber of commerce or board of trade organized under or by virtue of the laws of this state, and in accordance with the charter of such corporation, and the rules, by-laws and resolutions adopted therein, shall be *prima facie* valid."—H. A. PLUMB, *Secretary*.

THE TOLEDO PRODUCE EXCHANGE

With its splendid location and almost unrivaled transportation facilities, Toledo stands well to the front among the terminal grain markets of the country. The city can look backward to a glorious past in the annals of grain history, but what is more important, the market is flourishing lustily at present and gives promise of continued growth and development. Reasons why the city at the mouth of the Maumee always has been a big grain center are not hard to find. Twenty-one steam railways draining one of the most fertile agricultural sections on the face of the globe make it the fourth railroad center in the country. Another powerful factor is the magnificent harbor, on whose ample bosom could snugly nestle all the craft on the great lakes without any crowding. There are practically fifteen miles of water deep enough for vessels of maximum draught.

In a number of important particulars, Toledo is really a world's power. It is the center for the milling of soft winter wheat flour,

and leads in this type of grain. As the leading clover seed market, Toledo gets recognition abroad as well as at home.

In the matter of elevators, Toledo is splendidly fortified. While the gross capacity is somewhat less than in former days when wooden houses predominated, the fact that practically all are of modern fireproof construction, shows the storage proposition in a better light. The general impression is that the day of the dangerous frame structure has neared the end. It is a matter of interest that in Toledo, the first iron tank for grain was built. This was in 1894. Recently, concrete has been used with such success that more elevators will be built of this material. To Toledo belongs the credit of successfully experimenting with the movable marine leg for handling cereals and flaxseed.

Toledo is destined to broaden out from practically a strictly winter wheat milling center to a distributing point for spring wheat. Flour men, realizing the advantage of Toledo as a strategic point, are pulling together as never before in an effort to get the market all it deserves in the way of freight rates and other things. Most local mills are realizing the importance of spring and winter wheat blend flours and the demand for local use and shipment to interior points continues to enlarge.

Besides giving Toledo first rank in the world as a market, the trade in field seeds helps the grain business materially. There is a reason why the city plays the leading role in clover seed. Toledo is located in the center of the richest clover territory in the country, the productiveness, it is believed being the result of moisture carried by winds from the great lakes. The local seed market is notable for its exclusive system of trading in futures. In no other market are there transactions in clover futures.

COTTON EXCHANGES AND THEIR ECONOMIC FUNCTIONS

BY ARTHUR R. MARSH,
Ex-President, New York Cotton Exchange.

Within the brief space of a little more than one hundred years, cotton has risen from a comparatively insignificant article of commerce to such a position, that to-day it probably surpasses all other commodities in the money values involved in its production, distribution, manufacture, and final delivery in the form of finished goods to the consumer. Though wheat and the other food grains appear to be more immediately necessary to the life of the race, cotton to-day surpasses them in value and consequently in its annual demands upon the liquid capital of the world. Iron and steel are more impressive to the imagination, because of the visible magnitude of the industries required to provide them; but iron and steel fall far behind cotton in their total demands upon the world's credits, in the number of human beings employed in providing them, and in their universal importance in the world's trade. All other textile materials, even wool, have fallen into comparative insignificance by the side of cotton. And every year sees a further increase in the uses and in the demand for cotton, accompanied by an extension of its culture and an increase of its importance in commerce and finance. Nobody knows exactly how much cotton the world already grows and manufactures into fabrics, for there are still great portions of the earth, where cotton is known to be raised on a vast scale, which are either incompletely or not at all covered by statistical information. India, for example, where cotton is known to have been raised and spun since at least eight hundred years before Christ, produces every year a crop about whose magnitude exact information is limited to the portion that reaches the ports, like Bombay, Madras, Tuticorin and one or two others, while the possibly larger quantity spun and woven by hand in the native homes is only inadequately guessed at. There are some reasons for thinking that China is the greatest producer of cotton of all countries, and a recent United

States consular report from Hong Kong puts the possible value of the annual consumption of cotton goods in China, chiefly made by home workers out of native cotton, at the enormous figure of \$1,000,000,000; but the only exact statistics we have as to the production of cotton in China are confined to the few hundred thousand bales annually exported to Japan and other countries. Again, it is known that very considerable quantities of cotton, statistically unaccounted for, are raised in Brazil, Peru, and other South American countries; and that the same is true of Asia Minor. These are the uncertainties; but, turning to what is known by means of trustworthy statistics, we find the sum total of the cotton production of the world attaining vast proportions. The United States alone can be counted on to-day for an average yield of not much below 13,000,000 bales of 500 lbs. weight; India produces not far from 5,000,000 counted bales; Egypt, about 1,000,000; Asiatic Russia gave last year 900,000 bales; China, about 600,000 counted bales; Mexico, about 225,000 bales; Brazil, 220,000 bales; Asiatic Turkey, about 150,000 bales; Peru, 110,000 bales; and other countries not far from 250,000 bales. Here is a total of about 21,500,000 bales of cotton, which may be taken as approximately the annual production of the world at present. And all this cotton, and more, is required as raw material for the world's spindles, the number of which, as enumerated statistically, has risen to nearly 140,000,000. Indeed, the supply of cotton is actually less than these spindles require for full operation. And the value of this cotton in its unmanufactured state is not far from \$1,750,000,000, while its value after manufacture cannot be much less than \$4,000,000,000, and is undoubtedly much more than this before it reaches the consumer.

It is upon the cotton merchants that the duty falls of gathering up every year this great aggregate of cotton, requiring this large sum of money to finance it, from all the various countries where it is produced, and of distributing it in exactly the quantity and quality needed to all the cotton manufacturers of the world, wherever their mills may be situated. It is a current saying of the financial world that "cotton is gold," which means that cotton, no matter where it may be, can always be turned into money at once. No other commodity is comparable with cotton in this respect. And the cotton merchants are looked to for the provision

of all the commercial arrangements necessary to make this possible. They are expected to have ready the money or the credit to pay for every bale of cotton offered for sale, wherever it may be, whether in the smallest interior town of the Southern United States, or in the interior of India, or in the Soudan. They are also expected to be ready to provide any spinner anywhere with the exact quantity and quality of cotton he needs for the manufacture of the particular kinds of goods his mill is equipped to turn out. And not only are the cotton merchants expected to do these things, but they do them. The only limitation upon their achievement arises from an occasional under-supply of cotton or of particular kinds of cotton which spinners would like to have. There is no limitation at all upon their furnishing a continuous market for all the cotton which is annually produced. They have completely covered the earth with a network of commercial and credit connections; they have provided means of practically instantaneous communication between markets and agencies for gathering and disseminating information; they have made the arrangements for buying and warehousing and separating the cotton according to its qualities and for shipping. Their operations are among the most important factors in the daily course of the world's finance. Unobserved they affect the balance of trade of the greatest nations, daily influence the course of international exchanges, produce changes in the interest rates in the great money markets, and sometimes, as during the American panic of 1907, furnish the wherewithal to stay national disaster. Their function is, then, one of the most important in modern commercial and financial life.

In the performance of this function, and in carrying along continuously without confusion of checks or periods of suspended activities this world-wide business, the cotton merchants have found it desirable and even necessary to avail themselves of great common markets. Here they can constantly meet, either in person or through representatives, and not only exchange information, but enter quickly and safely into the multitudinous transactions with each other and with the world at large, which are required in the complicated process of bringing all the cotton of the world into the channels of commerce and insuring that all of it, in the right quantity and quality, shall reach the spinners who need it, wherever they may be. Perhaps it would be more exact to say

that out of the very necessities of the cotton trade, and without conscious purpose on the part of individual merchants or groups of merchants, great common markets have grown up, their location really determined by the economic requirements of the case, and that all considerable cotton merchants, the world over, find it advantageous to make use of these markets in the conduct of their business. Such world-markets for cotton should not be confused with the multitude of lesser local markets, scattered all over the districts where cotton is produced, in which the preliminary gathering together of the various cotton crops is done and which serve as the primary points of distribution. Important as some of these lesser markets are, by reason of the quantity of cotton handled in them, and necessary as they all are, the business transacted in them is at once much more limited and local and of a radically different kind from that done in the great world-markets. In a sense they are merely subsidiary to and dependent upon the latter, and they look to the latter for the real determination of most of the questions which arise in the course of trade. The prices at which cotton is bought and sold in them, for instance, are invariably reflections of the prices which are being made in the continuous transactions of the great markets. The forces of demand and supply do not converge directly upon them, but only indirectly through the great markets. This is not to say that this or that of these lesser markets may not be so largely the source of supply of some particular character or quality of cotton as to give it a kind of authority over the relative price of that character or quality, compared with the general level of cotton prices. But this general level of cotton prices is always determined by the balance of the forces of supply and demand in the great markets. It is in the great markets that, so to speak, the entire cotton consuming world is, through the mediation of the cotton merchants, brought into direct relations with the whole cotton producing world, and that the exchange of the commodity produced by the one and required by the other takes place, if not physically, at least in the sense that the terms of the exchange are there fixed. To such an extent is this true that there is a popular misapprehension, particularly among producers of cotton, to the effect that in the great markets there is some unavowed method among merchants by which the actual price of cotton is

consciously and, as it were, by unanimous consent determined upon from day to day, and that this price is then made the basis of all the operations of the merchants as buyers or sellers of cotton for the time being. Although it would be impossible to get farther from the truth than does this proposition, it yet has wide currency, and in one or another form shows itself in most of the political and commercial agitations with regard to the cotton trade. In real truth, the cotton trade is probably the most freely and completely competitive of all branches of commerce; its course is the most completely determined by the forces of demand and supply, not merely from week to week or from day to day, but it may even be said from minute to minute. As will be shown later, some of the most important functions of the great markets are directly due to the absence of any intended and associated effort to decide what the price of cotton should be. And the influence of these markets upon the buying and selling of cotton everywhere is due simply to the fact that they are known to register infallibly at every moment the exact forces of world demand and world supply which are making themselves felt, and the prices which result from the balance of these forces. They are instantaneously affected by every form of demand that declares itself, whether coming immediately from spinners or from cotton merchants who have a demand from spinners or from yarn and cloth merchants who are able to put through business in their goods or from speculators. They feel just as quickly every increase in the supply, whether from cotton producers themselves, or from merchants who have bought from the producers, or from spinners who find they have on hand more cotton than they can prudently carry for immediate use or from speculators who are ready to sell now what they think they can buy later at a lower price to fulfil their contracts. All the varying conditions of every cotton producing and of every cotton manufacturing country are immediately reflected in these markets; and the course of prices in them is the resultant curve of so incalculable a number of forces that no human mind can hope to do more than forecast it tentatively and in the most general way. And still it remains true that it is the course of prices in the great markets which serves as a guide to all cotton merchants and less directly to all cotton manufacturers and all distributors of their goods in the conduct of their business

from day to day. And the cotton producer relies upon the same guide; for the humblest cotton grower in the most remote district in the southern states of America will to-day not sell his cotton until he has informed himself of the latest prices in the great markets. Moreover, he is easily able to do this, by reason of the remarkable way in which this information is now speedily and accurately transmitted to every place which has any interest in cotton.

The cotton markets which by force of economic circumstances have risen to the place of great world-markets in the sense just described are New York and New Orleans, in the United States; Liverpool, in England; Bremen, in Germany; Havre, in France; Alexandria, in Egypt; and Bombay, in India. But even between these seven markets there are differences in the degree to which all their economic and commercial functions are developed, and consequently in their relative importance to the trade. In only five—New York, New Orleans, Liverpool, Havre and Alexandria—can it be said that every kind of operation required in the cotton business is continuously carried on; and of these five, two, Havre and Alexandria, have limitations which remove them from the class of first importance. The business of Havre, though fully developed in all its forms, is chiefly confined to serving the needs of France, which is comparatively low in the list of cotton-consuming countries. In Alexandria, all operations are confined to cotton of Egyptian growth, which, though of great importance because of its peculiar qualities, is produced in comparatively small amounts each year and consequently affects only to a moderate extent the general problem of the supply of cotton and the demand for it. On the other hand, Bremen, though a market of the first importance for actual cotton, drawn upon not only by Germany, but also by Austria, Russia, and the smaller countries of Northern Europe, has been prevented by German governmental action from carrying on openly one of the most important forms of trading in cotton, making contracts for future delivery, and as a result its merchants are obliged to rely mainly upon Liverpool and New York for the opportunity to transact an essential part of their business. It follows, naturally, from this incompleteness of function that the market of Bremen is comparatively unimportant as a register of the forces of demand and supply and of the prices made thereby. Finally, Bombay, while the chief market for the

great Indian cotton crop, has not yet adopted in their completeness the methods used by the cotton merchants of the United States and Europe. It deals in a kind of cotton which, though of general value, is of a peculiar quality and much less desirable for spinners than cotton of other growths. Accordingly, the transactions which take place in that market have far less general significance than those of the great Western markets. Thus we are brought to the conclusion that even among the major cotton markets of the world there are only three of the very highest class, New York and New Orleans, in the United States, and Liverpool, in England. It may fairly be said that in these three markets the entire world of cotton is reflected. The entire cotton trade looks to them for guidance from day to day, bases all its operations upon the course of prices established in them, and follows with the closest attention every development in them which serves as an indication of the way in which the balance of supply and demand is swinging or is about to swing.

By reason of the volume of daily transactions in these great markets and of the importance of them to the whole cotton trade, the cotton merchants doing business in them found it desirable many years ago to associate themselves together in bodies corporate, known as cotton exchanges, for the purpose of establishing and maintaining just and reasonable and publicly announced rules, under which all dealings between the merchants should be conducted, and which should serve as a basis to the cotton world generally for interpreting the course of events in the markets themselves. This was particularly necessary because cotton is a commodity requiring a high degree of technical skill in its handling and likely to give rise to all kinds of misunderstandings and even to fraud, if uniform and clearly defined methods of dealing in it are not laid down. In the earlier period of the great rise of cotton to economic importance, let us say, up to the middle of the 19th century, cotton had been merchandised, even in the greater markets, by numerous factors, merchants, brokers, commission-men and other dealers, each following his own ideas and employing such methods as he saw fit with the cotton producers, on the one hand, and with the spinners and his fellow traders, on the other. Hence arose constant costly disputes and much confusion and loss, to say nothing of unjust advantages taken by those who were not too

scrupulous. The very terms of every contract entered into were more or less loose and vague, and it was impossible for anyone in the business to know precisely to what he was committing himself. The first movement to obtain better conditions seems to have been made in Liverpool, where, on April 2d, 1841, there was organized a body called the Cotton Brokers' Association of Liverpool. This association, however, did not include all the dealers in cotton in Liverpool; its membership was confined to the class of persons known in that market as "buying brokers," whose particular business was to select from the available cotton held by merchants the particular requirements of individual spinners and to buy this for the spinners' account. The objects announced by this new organization in the cotton trade were, first, to lay down uniform rules under which the members should do business, both with the cotton merchants and with their own spinner customers; and, second, to enter upon the work of systematically compiling statistics of the available supplies of cotton, both in Liverpool and elsewhere, for the information of the members and of the public at large. This first formal organization of cotton dealers lasted as an independent body some forty years, but was in 1882 merged with the later established general body known as the Liverpool Cotton Association. It is, however, entitled to the credit of having shown the cotton trade the great advantages to be derived from clearness and uniformity of rules, and of having paved the way for that careful and elaborate gathering of statistics which has now reached such perfection that, with the exceptions already noted, the entire world is now covered by the statisticians, and everybody concerned with cotton is able to judge for himself what the available supply is everywhere. So well did the association fulfil its function that for nearly thirty years it was relied upon as the regulator of the cotton trade in Liverpool. But with the constant increase of the spinning industry in Great Britain and the consequent enlargement of the cotton trade in Liverpool, it finally became desirable to organize a larger and more inclusive body, which should have as members all classes of dealers in cotton. The impulse in this direction became the greater, by reason of the many changes in the cotton trade occasioned by the Civil War in America. While this war lasted, the uncertainty of the supply of cotton, the tremendous fluctuations in its price, and the consequent attraction of a purely

speculative class of traders to the cotton market brought into play economic forces hitherto unknown in the trade and made it imperative that all dealers in cotton should seek protection from undue risks in a much wider and more rigid uniformity of methods and rules than ever before. As a result, there took shape in Liverpool in the years just following the American Civil War a more complete organization of the Liverpool cotton dealers; and, in 1870, this became the Liverpool Cotton Association, which still continues to exist as the controlling body in the world cotton market of Liverpool. At first the older association of "buying brokers" maintained its separate identity, but, as has been said above, this was merged in 1882 with the larger body, and since that date there has been but one Liverpool Cotton Exchange.

The same influences that were at work in the cotton trade in England had already made themselves felt in the two greatest cotton markets of the United States, New York and New Orleans. In the early days the merchandizing of cotton in both these markets had been conducted in the main upon the lines of the merchandizing of all country produce. Commission merchants and factors received the cotton from the country, often after having advanced money to the planters to grow the crop, and offered it for sale to spinners or to buyers for spinners or to exporters. Until the cotton was sold, it was carried in warehouses like any other stock of merchandise. Heavy risks were run and heavy charges incurred in handling and distributing each year's crop in this manner. But the disturbances of the Civil War immensely increased these risks, and at the same time forced dealers to adopt various new methods in their effort to reduce these risks as much as possible. The class of "brokers" greatly increased, and all concerned endeavored to find ways to pass on the risks as quickly as possible, aiming to act in the capacity of commercial intermediaries, rather than as speculative merchants in the old sense. Cotton was accordingly passed from hand to hand much more rapidly than before the war and the trade constantly grew in complexity. But this very complexity made more imperative absolute uniformity of rules and practices, in order that confusion and loss might be avoided. So, within less than a year after the formal organization of the Liverpool Cotton Association, the cotton dealers of both New York and New Orleans associated themselves together in cotton exchanges.

The New York Cotton Exchange was granted a charter by the State of New York on April 8, 1871. The New Orleans Cotton Exchange was organized in February, 1871, and was incorporated by the State of Louisiana, on September 19th, 1871. The objects which the founders of these two bodies had in view are well illustrated by the declarations of Section 3 of the Charter of the New York Cotton Exchange, which reads as follows:

The purposes of said corporation shall be to provide, regulate and maintain a suitable building, room or rooms, for a cotton exchange, in the City of New York, to adjust controversies between its members, to establish just and equitable principles in the trade, to maintain uniformity in its rules, regulations and usages, to adopt standards of classification, to acquire, preserve and disseminate useful information connected with the cotton interest throughout all markets, to decrease the local risks attendant upon the business, and generally to promote the cotton trade of the City of New York, increase its amount and augment the facilities with which it may be conducted, and to make provision for the widows and families of deceased members. The said corporation shall have power to make all proper and needful by-laws, not contrary to the constitution and laws of the State of New York or of the United States.

It is hardly necessary to give here the detailed history of the organization of the cotton exchanges at Bremen and Alexandria, and of the cotton section of the Havre Bourse, all inaugurated considerably later than the three great exchanges above mentioned. Bombay, in spite of its character as a world cotton market, has as yet no formally organized cotton exchange. In fact, it may be said that the three exchanges of New York, New Orleans and Liverpool stand by themselves in completeness of economic type, in equipment to meet all the needs of the world's cotton trade, and, consequently, in recognized authority as registering the balance of all the forces of supply and demand as regards cotton. To such an extent is this true that they have now ceased to be simply associations of local cotton dealers in these great markets, and have become representative associations of the entire trade. Their membership now embraces great numbers of persons who are not personally present in those markets at all, and whose immediate business is conducted in all sorts of places, often very remote from the centers themselves. The New York Cotton Exchange, for example, has members not only all over the United

States, but also in every important country of Europe and even as far away as Japan. Yet all these persons make continual use of the great exchanges to which they belong, and base their entire business upon transactions made for their account upon those exchanges.

We are now brought to the matter of the nature of these transactions upon the cotton exchanges which constitute, so to speak, the economic fabric of the cotton trade. And here, before proceeding to detail, it will be well to make clear the fact that, just as there is a primacy among cotton markets, so also there is a kind of primacy among the different crops of cotton produced by various countries. Although all cotton, wherever raised, is of importance, and although some of the smaller crops, like the Egyptian, have particular qualities that give them exceptional value, there is general agreement in assigning to the crop of the United States a place in the economics of cotton that belongs to no other. This is both because of the size of the American crop, more than double that of any competing country, and also because of the character of the cotton itself. Embracing within itself a very considerable variety of qualities, suitable for all but a few of the needs of all manufacturers, American cotton is *par excellence* what the trade calls the "bread-and-butter" cotton of commerce. Wherever there are cotton spindles, even in countries which themselves produce cotton, American cotton is used to a greater or less degree. Other cottons are judged in the main in their relation of quality and price to American cotton.

It is, therefore, in connection with American cotton that the action of the forces of demand and supply is most fully and significantly manifested. The fluctuations of the price of American cotton are, speaking generally, followed not only by dealers in this kind of cotton, but also by dealers in all other kinds of cotton, and by manufacturers and merchants of all kinds of goods made of cotton, as the basis of their business operations. It is not meant by this that the abundance or scarcity of other kinds of cotton is of no importance or has no effect upon the general level of cotton prices. Quite the contrary is the case. But this effect is signalized to the cotton trade through the markets for American cotton, rather than directly through the noted movements of the prices of the other cottons. And, as a result of these commercial facts, the

study of the economic functions of cotton exchanges becomes primarily the study of those exchanges only where American cotton is exclusively or preponderantly dealt in. These are New York and New Orleans, in the United States, and Liverpool, in England. In the first two, only American cotton is bought and sold, either presently or for future delivery. In the last, though Egyptian cotton is traded in for both accounts and almost all other growths of cotton are bought and sold "on the spot," as cotton merchants say, the business in American cotton so far surpasses the business in all other cottons, that the Liverpool market is generally thought of as regards its American section alone. We may go further and say that anyone who understands the rationale of the business in American cotton in the three great markets just mentioned will possess practically all that is essential of the theory and practice of the cotton business to-day.

The essential matters to elucidate become these: What are the essential characteristics of the commodity, American cotton, as an article of commerce? What are the commercial necessities or requirements that have to be met in gathering it together from the wide area in the southern states over which it is produced and in distributing it to those who need it? And what transactions, based upon what principles and governed by what rules, are required upon the great cotton exchanges, in order that they may fulfil the part which they have been described as filling in the economies of cotton? It will, perhaps, be clearest to take up these questions in their order, as this will permit us to follow the logical development of the inherent nature of the matter, to which, rather than to the conscious wit of men, the very existence of cotton exchanges is due.

Cotton is a commodity which, though all of it is destined to the same use, *i. e.*, to be spun, is remarkable for the number of variations of quality which it shows. This is particularly true of American cotton. In this fact there is, fortunately, great economic advantage, because spinners are, by reason of it, enabled to find in each crop just the kinds of cotton which are peculiarly adapted to the manufacture of the immense variety of cotton fabrics now commonly made. Yet this variety of quality fundamentally affects the procedure of the cotton trade and has much to do with determining the rules of the cotton exchanges. It is necessary, then, to

describe it in its main features. It may be said that the variation is of two kinds,—first, length of fibre, or “staple,” and, second, color and comparative freedom from extraneous matter. To the first of these variations the name “staple” is commonly given; to the second, “grade,” or “class.” These require a brief description.

The “staple” of American cotton, omitting the limited special variety of Sea Island cotton, with a fibre of great length and strength, varies in length from about $\frac{5}{8}$ inch to about $1\frac{1}{2}$ inches. Every increase in the length of the fibre results in an increase in the value. This is particularly true when the fibre has a length of $1\frac{1}{16}$ inches or more. From that point every addition of $\frac{1}{16}$ inch to the fibre adds cumulatively to the price. Though there are no sharply defined geographical limits within which the several varieties of staple are produced, it is true in a general way that the shorter stapled cottons (from $\frac{5}{8}$ inch to 1 inch in length) are grown in the states on or near the Atlantic seaboard,—North and South Carolina, Georgia, Alabama and Florida. The trade name for these cottons is “upland.” The somewhat longer stapled cottons (from 1 inch to $1\frac{3}{16}$ inches in length) are produced in the greater part of the Mississippi Valley States and in Texas and Oklahoma, and are known as “Gulf” and “Texas” cottons. Practically all of the long stapled cotton (from $1\frac{3}{16}$ inches to $1\frac{1}{2}$ inches in length) is grown in that part of the State of Mississippi called the Delta, lying between the Yazoo and Mississippi Rivers, and in part of Arkansas. These cottons are known as “rivers” or “benders,” because raised on the rich alluvial land in the bends of the rivers. In their relative proportions in the entire annual crop these varieties of staple stand approximately as follows: Uplands, fifty per cent; Gulf, and Texas, forty-five per cent; and extra staples (rivers and benders), five per cent. It will thus be seen that in the trading on the cotton exchanges upland cotton must be given the foremost place, and in fact made the basis for all the trading rules, but that special provisions are required to take care of the more valuable longer stapled cottons.

No matter what the length of staple may be or where the cotton may be raised, it varies in respect to its color and in respect to the amount of dry leaf, dust and other extraneous matter which it shows. In the matter of color three main divisions are

recognized by the trade,—white, tinged and stained. White cotton is that which has opened in the fields and been picked before frost occurs and before heavy winter storms have affected it. The proportion of it in any crop varies greatly with the varying dates of frost and the character of the weather through the picking season. Sometimes almost the entire crop is white cotton; in other years less than half of it. It is generally much more valuable than tinged or stained cotton. “Tinges” are produced by light frosting of the cotton bolls before they open, and have a slightly yellowish, or golden orange color. “Stains” are due to a combination of heavy frost and severe storms, and have a deep orange or tawny color. But, whether the cotton be white, tinged or stained, it always has in it a certain amount of extraneous matter,—dry leaf, specks of dust, bits of husk and so forth. As this matter must be taken out of the cotton before it is spun, and is a pure loss to the spinner, the relative amount of it in any particular cotton affects its value. Consequently all cotton has to be separated into the “grades” which correspond with the amount of such matter shown. These grades have names universally current in the trade, and most of them descended from the early days about which we have little chronicled information. That “grade” which seems originally to have been thought to represent a fair average of quality has, ever since we knew anything of American cotton, been known as “middling.” Grades better, *i. e.*, cleaner, than “middling” are called “good middling,” “middling fair” and “fair”; those poorer, *i. e.*, dirtier, than “middling” are called “low middling” and “good ordinary.” Modern requirements, however, have made it necessary to carry the refinement of sub-division of grade still further, and to establish what are known as “half-grades,” and even “quarter-grades” between the above “full grades.” The list of “half-grades” above “middling” is in New York “strict middling,” “strict good middling” and “strict middling fair”; below “middling” it is “strict low middling” and “strict good middling.” The “quarter-grades” recognized in New York are “fully middling,” “barely good middling” and “fully good middling” on the ascending scale; and “barely middling” and “fully low middling” on the descending. It should, perhaps, be stated here that there is a slight lack of uniformity between the great markets in the nomenclature of the intermediary grades.

Thus in Liverpool the "half-grades" bear the designation "fully" instead of "strict," as in New York. But the cotton trade is accustomed to these differences, and no confusion arises therefrom. It should also be noted that the range of grading accepted for "tinged" cotton is smaller than for "white"; and that all merchantable "stained" cotton is called "middling stained,"—all "stains" below that grade being treated as unmerchantable. The essential point to bear in mind is that every one of these "grades," "half-grades" and "quarter-grades," as well as each of the colors, has a different value. A further point of importance is that it is the custom of the trade to arrive at these different values by referring always to the current value of "middling" white cotton. This white grade of "middling," therefore, is known as the "basis grade," and the other grades or sub-grades are valued at so much "on" or "off" middling. The scale of the additions to or subtractions from the value of "middling," to arrive at the value of the other grades, is known as the scale of "differences."

At this point it is necessary to mention a fact which is one of the few causes of commercial disturbance and confusion left in the cotton trade. This is that it has not yet been possible to bring about complete uniformity of practice in all the markets for American cotton with regard to the very essential matter of exactly what constitutes each grade and sub-grade of cotton. As there is not yet any formal and imperative standard of cotton grades in the world, a very considerable variation is found between market and market, section and section. What is called "middling" in Augusta, Ga., is very different from and much higher than the "middling" of Savannah and Charleston. The "middling" of Texas is nearly one-half grade better than the "middling" of New York and fully one-half grade better than the "middling" of Liverpool. The grades of New York do not correspond with those of Liverpool or Bremen or Havre, nor with those of many of the spinning centers in New England. Expert cotton merchants are, of course, familiar with these variations and can make allowance for them, but they undoubtedly are a source of confusion all the time. And there is the more of this because many of the markets allow their grades to vary somewhat from year to year, according to the character of the successive crops. It may be said that the New York Cotton Exchange is the only great market in the United

States that has held without variation to a fixed standard of grades. This standard was adopted by a convention of all the important cotton exchanges in the country in 1874 and immediately put into effect by the New York Cotton Exchange, being rigidly adhered to by it ever since, though the other exchanges unhappily fell away from it almost at once. Within the past three years the United States Department of Agriculture, acting under a law passed by Congress, has caused a standard set of grade types to be made by a commission of cotton experts; but these types vary materially from what are accepted generally in the trade as the different grades, and are as yet incomplete in that they represent only Texas and Gulf cotton and not uplands and do not include the lowest grades of merchantable cotton. Consequently, they have not yet been widely adopted. Properly supplemented, however, with what is now lacking, these types could with great propriety and to the advantage of everyone be put into effect, in the United States at least. At the present moment, however, it is an unfortunate fact that a high degree of technical skill is required to know what is really meant by "middling" and the other grades in all the various markets for American cotton.

Having thus described the essential characteristics of the commodity, American cotton, we may now pass on to the commercial requirements that have to be met in the course of gathering it together, merchandising it and distributing it. To begin with, cotton must be bought and gathered together in the southern states, just as it runs, "in gross," as the French say; and it must be merchandised and distributed "in detail," to use the French expression,—that is, in accordance with the particular needs of particular spinners all over the world. The cotton planter wishes to sell his cotton just as Nature gives it to him, in all its grades and qualities at once. He has no information about the various markets for the different kinds of cotton. He knows only in a general way the relative values of these different kinds. It is the business of the cotton merchant to buy this cotton just as it is offered by the planter,—high grades, low grades, varying colors, varying staples, all together,—and then to find for each quality its appropriate purchaser among the spinners. The cotton merchant has to know not merely the current value of cotton "in gross," but also the values of all the separate qualities upon which the composite

"gross" value is based. And the requirements of individual spinners are just as detailed and specific as the offerings of the planter are miscellaneous. Generally speaking, every mill is arranged for the use of only certain qualities of cotton, suitable to the particular goods being manufactured by it. Other qualities, even though superior in point of market value, may be practically useless to it. Thus a mill arranged to spin upland cotton can generally do nothing whatever with bender cotton. To a certain degree the same is true of the different grades; what is advantageous in one mill involves a loss in another. So the cotton merchant must be familiar with what his various spinner customers need and must be ready to supply this out of his gross purchases in the South. Here at once a difficulty presents itself. The merchant, buying, as he must, all grades and qualities, may have an immediate market with spinners for only certain of these grades and qualities, and thus may have left on his hands for an indefinite time the superfluous cotton he has been obliged to buy along with what he really wanted. So long as he cannot sell this additional cotton, his "overs," as they are called by the trade, he must bear the risk of a decline in its value, unless he can find some way in which to protect himself. As will be seen later, this inescapable risk and the device of the trade for insuring against it, have had more than anything else to do with making the great cotton exchanges what they now are. Nor is this particular risk the only one the cotton merchant must take in order to meet the needs of his spinner customers. For the spinners not only desire to buy from the merchant cotton that precisely meets their needs; they also wish to buy it in various different ways that will suit their convenience. For example, they are in the habit themselves of contracting for months ahead the output of their mills, and they desire to buy their cotton for delivery to them from month to month as they will require it. They look to the merchant to be ready to enter into such a contract for the future with them, instead of shipping them at once cotton which he actually has on hand. Such contracts for the future delivery of cotton to spinners are made in great numbers, running months and even years ahead, requiring for their fulfilment sometimes cotton not yet grown. Thus the merchant continually finds himself in the position of having on hand cotton for which he has no immediate sale and at the same time of being under con-

tract to spinners for the future delivery of cotton which he has not bought. No one unfamiliar with the cotton trade can conceive of the number, magnitude and complexity of these operations, which are required by reason of the world-wide character of the business of supplying all mankind with cotton fabrics and with cotton to make them of. But, obviously, the risks involved in all this are very great indeed. When it is remembered that the annual supply of cotton is entirely a matter of Nature's bounty; that from one year to the next there is often a variation of twenty per cent or more in this supply; that the effect on the price of cotton of superfluity one year followed by scarcity the next, is such as to produce fluctuations at times of nearly one hundred per cent in its market value;—when all this is remembered, it will be understood how severe are the risks that must be undergone by those who gather it together, merchandise it and distribute it. Were it not that a way has been found, through the use of the great cotton exchanges, to insure against these risks, it is certain that the whole conduct of the cotton business must be different from what it is, and that the certainty, ease and convenience with which the world is now kept supplied with its cotton would be unknown. And the world would suffer not only in the matter of cotton itself; it would be profoundly disturbed in all kinds of ways as regards international commerce and finance. It would be difficult to comprehend in one statement all the economic evils that would result from removing so immense an industry as the cotton industry from the field of safe calculation and undertaking for the future.

Fortunately, any such changed condition of things need not be contemplated, unless, indeed, certain busy but ignorant political agitators should meet with a success beyond probability. As has been indicated above, there has been evolved with the course of years a method of employing transactions upon the great cotton exchanges as a means of insuring against these immense aggregate risks; and, economically speaking, this method is one of the most interesting developments of modern commerce. A description of the transactions upon the cotton exchanges and of the rules that govern them is, therefore, now in order.

In their inception the markets where the great cotton exchanges are now situated were, of course, simply places to which, by reason of the geographical, commercial or financial advantages they

possessed, considerable quantities of cotton came to be merchandised. The buying and selling of cotton physically in the market, "on the spot," as the trade puts it, was until some forty years ago the exclusive cotton business of these places. About this business in cotton "on the spot" customs of the trade grew up, gradually assuming the shape of formulated rules, which were generally recognized as binding on all dealers in the markets. Such a custom of the trade was that the common unit of trading in cotton "in gross," and to some extent "in detail," should be one hundred bales. Other customs had to do with the way in which the seller should deliver his cotton to the buyer, and the buyer pay for it, or with the manner in which the grade or grades of the cotton should be ascertained and valued; or with the identity of the cotton and the certification of its place of origin; or with the warehousing and insurance; or with the settling of differences between traders; in short, a long list of matters of everyday occurrence. Later, this body of customs and rules about cotton "on the spot" was to serve as the foundation for the whole scheme of rules of the modern exchanges. And to this day a most important portion of the business of the exchanges themselves is trading in cotton "on the spot." New York, New Orleans and Liverpool still remain among the most important "spot markets" for American cotton in the world. And the merchants associated in the exchanges have adopted most comprehensive and yet detailed rules to govern their transactions in "spot" cotton. Uniformity and fair play are secured at every point in the delivery and receipt of such cotton, and in the payment for it and the passage of the title to it. Many members of the exchanges make dealing in it their exclusive business. And, yet, it has become in a sense not the main business of the exchanges, but subsidiary and ancillary to this main business. It may almost be said that as the main business of banks to-day is not dealing in money, but in credits; so the main business of the cotton exchanges is now in credit transactions in cotton, towards which the actual cotton "on the spot" stands in much the same relation as the money in the banks to the sum total of their transactions in credits. It serves as a reserve at once for the satisfaction of unliquidated credit balances and for the maintenance of sound values in all the credit operations. This, however, will not be clear without a more detailed

account of these credit operations themselves; and this we are now ready to undertake.

The name given to the credit transactions in question is "contracts for future delivery," or colloquially, "futures." For the complete understanding of the nature of these and of the part they have come to play in the economics of cotton, some knowledge of their history is necessary. We first get traces of them in their tentative forms in the period including and immediately following the American Civil War. As is generally known, the Civil War occasioned an enormous rise in the price of cotton outside the Confederate States, and also tremendous fluctuations in the price. In England, particularly, the constant scarcity of cotton and the uncertainty of the supply led to constant violent changes in the market. Such a condition of things invariably brings with it a craze for speculation in the commodity affected. And cotton was no exception to the rule. Among other expedients made use of by the English speculators was that of contracting for the purchase of cotton known to be on shipboard directed to England. Such cotton was known as cotton "to arrive," and the making of contracts for the delivery of this cotton "on arrival" became a leading feature of the Liverpool market before the close of our Civil War. Needless to say, these contracts were not bought and sold merely once against a given cargo of cotton, but over and over again at the varying prices of the market. Speculators quickly saw that such contracts afforded them certain advantages as compared with cotton "on the spot." For one thing, they did not have to find the actual money to pay for them, as they did for the actual cotton. Then they had, or seemed to have, no warehousing and insurance bills to pay on them. So the tide of speculation turned largely in the direction of these contracts. As time went on, they were slightly modified in form, as shippers of cotton began to calculate that they could count on the arrival of their cotton at least within a period of two months. So contracts were made for the delivery of cotton to arrive within two specified and coupled months,—as, for example, October-November, January-February, July-August. In the late 60's, the making of such contracts had become a common practice; and little by little, the association of such contracts with certain specific cotton on specific ships died away and was replaced by the notion that contracts might be made for the deliv-

ery of cotton in any coupled months in the future and, when the months came around, might be filled with any cotton then available. Here was the contract for the future delivery of cotton, as we now know it, fully developed and formulated.

In the United States much the same forces were at work as in Liverpool, though to a greater extent in New York than in New Orleans. During the Civil War itself the cotton traded in by New York merchants was chiefly contraband cotton, seized by the Government and sold to merchants and speculators. Soon after the war, however, the practice of dealing in cotton, not only "on the spot," but "to arrive" from the South, became prevalent in New York. As it was possible to forecast the arrival of this cotton within a single month, the contracts made against it specified but one month for the delivery instead of the two coupled months of Liverpool. So the New York contracts from the start have called for May delivery or July delivery or October delivery, and so on, rather than May-June, July-August or October-November. When this manner of trading had been once entered upon, it developed with great rapidity, and by 1869 various New York merchants were making straight-out contracts with spinners and with their fellow-merchants, calling for the future delivery of cotton in specified months. And, precisely as in Liverpool, these contracts came to be traded in by both dealers and speculators, being passed from hand to hand at the varying prices of the market or being replaced by new contracts at new prices according to the convenience of the traders. By means of these contracts a given lot of cotton might pass through the hands of a large number of persons before being finally delivered to someone having immediate need for it. Furthermore, these contracts gave to the whole market a continuous flexibility and responsiveness to new conditions as they arose, which had been unknown and impossible in the days of simple merchandising. The importance and the influence of the New York market grew very rapidly after this new form of trading was inaugurated. On the other hand, New Orleans contented itself for some years with dealing in cotton "on the spot," because the natural flow of cotton to that market from contributory territory was so great as to provide abundant business for all the dealers there. It was not until some ten years after the system of trading in contracts for future delivery was

fully developed in New York that it began to be adopted in New Orleans.

So far, we have not touched upon the most important of all the uses to which contracts for future delivery came to be put, first in Liverpool, then in New York and later in New Orleans, by dealers in cotton. This use is what is technically known as "hedging" to protect engagements in actual cotton and to insure merchants against loss in such engagements. The inception of this practice was such a novel and far-reaching departure from previous custom as to justify quoting what the writer has said elsewhere about it.

It was two or three years after the Civil War that this new conception of the cotton business took shape in the mind of one of the most brilliant cotton merchants the world has ever known, the late Mr. John Rew, of Liverpool, whose firm is still in existence. In 1868 or 1869, Mr. Rew saw that the newly laid Atlantic Cable made it possible for a cotton merchant in Liverpool to ascertain with unheard-of quickness the price at which actual cotton could be bought in the southern states and the approximate date at which it could be shipped to England. He saw, also, that if the price that was being bid in Liverpool for "cotton to arrive" was high enough to enable him to buy the cotton in the South and sell contracts for this same "cotton to arrive" in Liverpool, two or three months later, he could enter into the transaction with entire safety, as when his cotton reached Liverpool, he could either deliver it to the parties to whom he had sold the contracts; or, if some spinner was willing to pay a higher relative price than the holder of the contracts had agreed to pay, he could buy back his contracts and sell the cotton to the spinner with the larger profit to himself. Here was a method, then, by which Mr. Rew or any other importer of cotton into Liverpool could relieve himself of the great risks attending the handling of a commodity which had become highly speculative, and go serenely about his business of importing cotton into Great Britain, able to make a fair profit on every importation, and yet always able to work on a much narrower margin than any of his old-style competitors, because they were carrying the merchant's risk, with its alternate profits and losses, while he had only profits. The immediate and large success obtained by Mr. Rew in his new way of conducting the cotton business attracted the instant attention of the ablest cotton merchants both of Liverpool and New York; and when a year or two later (in 1870 and 1871, respectively), the Liverpool Cotton Association and the New York Cotton Exchange were organized, the best men in the trade had adopted the new scheme as the basis of their business.

It is certain that in the early days of "hedging" neither its

inventor, Mr. Rew, nor his imitators at all realized the full economic possibilities or even the true economic basis of the new method. They did not, for example, think of "hedging" as more than a device by which the cotton merchant could make use of the natural propensity of speculators to buy for an advance in price, turning this into a form of protection or insurance for themselves against a decline in the value of their unsold stock of cotton. To them the cotton merchants were always on one side of the game and the speculators on the other. So general was this conception of the matter that for many years the great exchanges were denominated "the speculative markets"; and many persons both in and out of the trade looked askance upon the use of them, holding that the transactions there were necessarily, on one side at least, in the nature of gambling. Indeed, this notion has not even yet entirely died out, as is evidenced by what is said of the cotton exchanges in much of the public discussion of them. And some truth would probably have to be allowed in this contention, had "hedging" remained exactly what it was at the start. But it was speedily seen that it is just as feasible to protect oneself against loss in a transaction in cotton or cotton goods extending into the future by *buying* contracts for future delivery as "hedges," as it is to insure oneself against a decline in the price by *selling* contracts as "hedges." As soon as this was observed, there began to be buyers of contracts for future delivery on the exchanges who were not speculators at all, but merchants or manufacturers desirous of engaging themselves for the future, but unwilling to speculate on the rise or fall of the price of cotton. And these "hedge" contracts, both on the part of the merchant who sold them and on that of the manufacturer or merchant who bought them, were regarded from the start as primarily *credit* transactions, to be liquidated as such, whenever in the course of business their protection was no longer required. To be sure, they could be turned into transactions in actual cotton by anyone so desiring; but it was found that out of the multitude of transactions of this kind only a small percentage were finally treated in this way. In short, just as few persons call for actual gold at the bank against bank-notes or checks, though the gold must always be there for anyone who wants it, so few buyers of cotton contracts call for the actual cotton and few sellers deliver it, unless abnormal conditions arise, and then

the working of the natural laws of commerce always draws enough cotton to the market to supply the actual need. The ease and rapidity with which such credit transactions could be entered into, even by persons at a great distance from the markets, but represented there, caused this use to extend very rapidly. And steadily the proportion of them increased in which merchants or manufacturers were on both the selling and the buying side, so that the speculator became only one factor in the market out of many, instead of being, as at first, the only factor on one side. It is probable that to-day the speculator is interested in less than twenty-five per cent of the contracts made on the great exchanges at any time; and for long periods of speculative inactivity he is engaged to a far smaller extent than that. Few persons not actually conducting business on the great cotton exchanges can have any idea of the way in which the whole cotton world is centered in them through the development of telegraph and cable facilities to meet this new universal use of transactions in these credit contracts for future delivery for "hedge" purposes. Directly from the floor of each of the three chief exchanges the lines run to every part of the globe where cotton is dealt in. And a continuous stream of orders to buy and to sell contracts pours in over these lines from cotton merchants and cotton manufacturers or their agents everywhere. The "hedge" contracts which a cotton merchant in San Antonio, Texas, sells against 1,000 bales of cotton he has just bought may be bought as "hedge" contracts by the representative of a cotton manufacturer in New England, or Italy, or Russia, or of an importer of cotton goods at Shanghai, as insurance on some engagement for goods stretching on into the future and not yet covered with the necessary quantity and quality of actual cotton. Of course, the speculator plays his part too, and often furnishes the motive power for changes in the level of prices; but the volume of his transactions is insignificant in comparison with these others just described.

There now remains one further matter in connection with the economic theory of "hedging" in cotton which should be somewhat elucidated. It has already been stated that it is the custom in the cotton trade to arrive at the value of all the different grades of cotton by referring them to the value of the basis grade, middling. By an extension of the same principle it is taken as funda-

mental that the value of the basis grade, middling, itself will remain in every market substantially on a parity with its value in every other market. This does not mean that the price will be the same in all the markets, but that after making due allowance for the freight, insurance and other charges necessary to move cotton from its place of production to the various markets, the price will be substantially the same in them all, subject always, of course, to the moderate and temporary fluctuations of parity caused by greater or less pressure of demand or of supply in these markets. Thus, the cotton merchant at any point in the southern states knows what basis middling cotton is normally worth in his immediate vicinity as compared with its value in New Orleans or New York or Liverpool. So, too, the cotton merchant or manufacturer in Germany or Austria knows the relative value of cotton delivered to him and of basis middling cotton in all the great exchanges. In the same way the values of all the different grades and qualities of cotton everywhere, though, of course, fluctuating somewhat from season to season according to the demand for and the supply of each, may always be referred to the value of basis middling cotton on the great exchanges. In other words, all cotton, wherever it may be and whatever its quality, is regarded as part of a great common store having a substantially similar value in all the markets. This being so, the merchant in San Antonio, Texas, does not hesitate to enter into a credit contract in New York, as a "hedge" against his cotton in San Antonio, provided the parity of prices is normal. He knows that whatever he may do with his cotton or wherever he may ship it, the value of it will remain substantially on a parity with his "hedge" contract, and that, when he sells his cotton to someone else at any level of prices the market may have reached meantime, he will be able to buy back his "hedge" contract at this parity of price. As a result of this principle, the cotton trade looks upon all the cotton, scattered all over the world, which is hedged in the great markets, as constituting the stock of cotton of those markets, even though only a few hundred thousand bales out of millions may be physically in the warehouses of those markets. A further effect is to give great fluidity and mobility to this total supply of cotton and to cause it to flow at once, by means of transfers of "hedge" contracts, to those markets in which the demand is relatively strong or the

supply relatively low. Thus, the San Antonio merchant knows not only the normal parity between his home market and New York; but also the normal parity between New York and Liverpool; and, if, after having sold his "hedge" in New York, he finds that a strong demand has shown itself in Liverpool, causing the price level there to rise above its normal parity with New York, he promptly buys in his contract in New York and sells it at the higher relative price in Liverpool. The reverse is done by the buyer of "hedge" contracts in one market, when prices there go above a parity with the others; he sells out his now relatively high priced contracts and buys lower priced ones in the market which is lagging. In this way there is a continuous flow of contracts from market to market, involving in the aggregate transactions in tens of millions of bales every year, or far more than the entire crop. Indeed, there are merchants who largely devote themselves to simultaneous transactions in contracts in two or more markets, buying in the cheaper and selling in the dearer, and making their profit out of the gradual readjustment of the parity. Such merchants are called "arbitrageurs," or, more colloquially, "straddlers," and their operation is known as a "straddle." Their function is a highly important and useful one in the trade.

There remains only to state what is the nature of this contract for the future delivery of cotton, which has come to be used so universally by the cotton trade for "hedging" all its operations and so insuring itself against losses occasioned by fluctuations in the price of cotton. It is necessarily a contract for cotton "in gross," just as the merchant has to buy it from the planter, and it is consequently a contract upon which any and all grades and qualities of merchantable cotton may be delivered. The values at which other grades or qualities are deliverable are invariably obtained by reference to the basis grade, middling white upland cotton. The method of determining these values, or "differences on or off," varies between the three great markets, and there has been considerable controversy of late as to the proper theory to follow. In New Orleans, the differences are fixed from day to day in accordance with the prices made in the local spot market by the demand for and the supply of the various grades and qualities. This method has the disadvantage of causing alterations in the parity between the value of the basis middling contract and cotton

already hedged, sometimes to the loss of the merchant holding the cotton. In Liverpool, the value of each lot of cotton tendered for delivery, relative to middling uplands, is determined by members of the trade acting as arbitrators, subject to the final decision of an appeal committee. This method has the disadvantage of producing great inequalities in valuations and of making it practically impossible to calculate in advance what a given lot of cotton is worth, relative to middling. In New York the method is to determine early in each season through a large committee of experts what the "differences on and off" shall be for the rest of that crop, account being taken of the probable supply of the various grades and also of what experience has shown to be the approximate relative value of each of these grades to spinners. The disadvantage of this method is that there may be miscalculation of the probable supply of the various grades, resulting in a temporary disturbance of the parity between the value of contracts and the general value of middling. The great advantage, however, believed by most New York merchants to more than offset the disadvantage, is that after the "differences" have once been fixed, absolute calculability is obtained, enabling every merchant everywhere to know exactly what he is doing, when he enters into either a credit transaction or one in spot cotton in New York. In the long run, too, provided the "differences on and off" are kept at approximately the relative values of the various grades to the spinner, temporary departures from parity of contracts with middling will rectify themselves. Indeed, it is probable that the ideal way to determine the "differences on and off" for the various grades would be to conduct ample mechanical tests in mills and textile schools, getting the average out-turn of yarn from each grade and fixing the "differences" once and for all by the results of these tests. Something of this kind seems to be probable in the near future.

Such is the contract for the future delivery of cotton which to-day is used by all non-speculative cotton merchants as a "hedge," and which more and more the spinners of the world are employing for the same purpose. It is unnecessary here to go into the details of all the rules adopted by the merchants associated in the exchanges to govern these transactions. Suffice it to say that they are all designed to produce absolute uniformity, fairness and open-

ness between dealers in cotton. As has been indicated before, these contracts made under these rules to-day form the very foundation of the cotton business. Until some better way is found of distributing and insuring against the immense risks involved in merchandising a commodity whose price must fluctuate widely, according as nature is bounteous or niggardly, the cotton exchanges must remain indispensable in the economy of modern commerce.

FINANCING OF COTTON

BY JOHN J. ARNOLD,

Manager of Foreign Exchange Department, First National Bank of Chicago.

The Farmer.—The conditions of the farmers or producers of cotton vary considerably in the several cotton states. In some localities the farms are small, consisting of from five to ten acres and upwards, while in other localities large cotton plantations consisting of from five thousand to twenty-five thousand acres each are owned and controlled by corporations or syndicates. Nevertheless the financing of the farmer, that is the worker of the soil, is done in very much the same way. In localities where the smaller farms prevail many of the owners or lessees, as the case may be, are people of comparatively small means, and it is necessary in many cases that they be furnished financial aid to tide them over the period from seed time or even before to the time of the selling of the crop. This is done through the local merchants, who make advances by means of furnishing the farmers with the necessities of life to the extent of from thirty to forty per cent of the estimated value of the cotton which the farmers are likely to produce. The merchants in turn find it necessary to borrow from their bankers, and naturally charge their customers a rate of interest higher than that which they are called upon to pay, the transaction therefore netting them a profit to which they are entitled considering the risk which they assume.

The raw cotton when picked and before ginning is brought to the local merchants who have made the advances, who weigh the same and give credit on their books at the market value. At the end of the season when the farmers have delivered all of their cotton the accounts are squared and the farmers paid in actual cash the amounts due them. In the event that a farmer is in a financial condition so that he does not require the assistance of the merchant he usually takes his cotton direct to the gin and has the same ginned and baled, paying the gin for the operation, selling his cotton to a local cotton merchant and the seed to an oil mill, or leaves his cotton in storage to be sold by the merchant for farmers' account. In either event the gin issues what is known as a gin receipt, against the pro-

duction of which the cotton will eventually be delivered. In the case of the cotton plantations owned by corporations or syndicates the same procedure takes place. The plantation is sub-divided into small sections which are leased to farmers, either on the basis of a fixed charge per acre or on the basis of a percentage of the actual production. In place of the local merchants, however, general merchandise stores owned by the plantations supply the farmers in a like manner as do the merchants in the localities of the smaller farms. In such communities the gins and oil mills are owned and operated by separate corporations or individual owners as the case may be, while each plantation usually has its own gin and mill. During the active season of the year the corporations owning the plantations also are liberal borrowers from their bankers.

The above covers the financing of the cotton crop to and from the soil to the gin and oil mills.

From Gin to Compress.—After the seed has been removed at the gin the cotton is baled in packages of 28 x 56 x 42 inches in size, weighing approximately five hundred pounds, including twenty pounds bagging and steel straps, thus having a density of about fourteen pounds per cubic foot. In this condition the cotton is bought by cotton buyers for export or for delivery to American mills, the seller delivering the same to a railroad or compress point, where the cotton is sorted according to grade, compressed and marked, the size being reduced to 28 x 56 x 18 inches, giving a density of from twenty-eight to thirty pounds per cubic foot.

Shipping on Consignment.—In many instances the cotton is merely sent on consignment to cotton factors, who put the same in storage, making an advance of possibly sixty to seventy-five per cent of the market value, and when the cotton is finally sold the cotton factors are reimbursed for the amount advanced plus interest, insurance and storage charges, and the balance is remitted to the shipper.

Financing the Cotton Factors.—While the cotton factors are usually of strong financial standing they necessarily must be heavy borrowers during the cotton season on account of the large advances made by them on cotton stored in their warehouses, and although they do not own the cotton outright, their bankers as a rule do not hesitate to make loans, taking the stored cotton as security.

Financing the Cotton Buyer

When cotton is bought the same is paid for in cash, which is usually accomplished in the following manner:

Cotton Bought at Gin.—The cotton buyers make arrangements with the local bankers where the gins are located, for the payment of the cotton, the banks furnishing actual cash against tickets issued by the buyer's representatives, holding the tickets in question as their collateral in the meantime. When a sufficient amount of cotton has been accumulated the local banker at the request of the buyer's agent delivers the tickets in question to the local agent of the railroad, who in turn issues a bill of lading covering the shipment to compress point, which then is attached to the draft drawn by the buyer's agent upon the buyer's head office, which draft includes the price paid for the cotton plus interest and exchange charged by the local banker, who is reimbursed by the amount of the draft thus drawn. When this cotton is ready for export local bills of lading covering shipment from point of origin to compress point are exchanged by the cotton buyer's banker for local bills of lading to port or for through bills of lading.

Cotton Bought at Compress.—When cotton is bought at compress points, compress receipts instead of tickets are delivered to the local banker, who pays for the cotton as purchased by the buyer's representatives from time to time. When a sufficient amount of cotton is ready for shipment the compress receipts are exchanged by the banker for local bills of lading to port or through bills of lading as the case may be. These bills of lading are attached to the draft drawn by the representatives on the head office of the buyer, the local banker being reimbursed for the amount thus drawn.

Concentrating Cotton.—Owing to the fact, however, that cotton to go abroad in one shipment is usually bought by representatives of the buyers in different sections of the country, much of the cotton itself is frequently allowed to lie at concentrating points until a sufficient amount of the particular grade desired has been secured. It therefore becomes necessary for the cotton buyer to borrow heavily from his local banker with whom he has arranged for a line of credit, which is given to him in the form of an overdraft or against demand notes, against which the banker holds the bills of lading which have come forward attached to the drafts drawn by the buyer's representative. To illustrate: A cotton buyer

in Dallas, Texas, has representatives who are buying cotton at Bowie, Weatherford, Cisco and McKinney, Texas, this cotton to go abroad in one shipment. Let us say that the cotton is shipped from the various compress points to port on local bills of lading which come forward to the Dallas banker attached to the drafts drawn on the Dallas buyer. Naturally, cotton being shipped from various points would reach port at different times, but none of it can be realized upon until the entire shipment is completed, thus necessitating the tying up of considerable funds which have been advanced by the Dallas banker. When sufficient cotton has been received, the local bills of lading held by the Dallas banker are forwarded to his banking correspondent at the port and there exchanged for port or ocean bills of lading, which are issued by the steamship companies upon the actual delivery of the cotton. Such port or ocean ladings are then forwarded to the Dallas banker. The Dallas buyer, who now becomes the seller or exporter of the cotton, draws his draft on the reimbursement furnished by the European buyer in the currency of the country in which the reimbursing bank is located, and the draft having been sold to a foreign exchange banker, say in Chicago or New York, is delivered to the Dallas banker, together with a draft on the Chicago or New York buyer of the exchange, in United States currency, to which then are attached the port or ocean bills of lading, insurance certificate, etc., thus reimbursing the Dallas banker by the amount of the draft so delivered.

Concentrating Bills of Lading.—Or it may be that instead of securing local bills of lading from the compress points to port, through bills of lading have been secured, in which event the bills of lading in question are concentrated at Dallas while the cotton goes direct to port for shipment abroad. In this case the Dallas cotton buyer draws his draft on the European reimbursement in a like manner as above, but instead of port bills of lading, through bills of lading are attached, which latter cover the shipment via a stated railroad and steamship company. In the event that ginned cotton is delivered at a compress point which is also a concentrating point, the local bills of lading attached to the drafts drawn by the buyer's representative are delivered by the buyer's banker to the compress, and the banker receives in lieu thereof compress receipts which he holds as collateral against the buyer's obligation caused by the bank having honored the draft drawn against the shipment to the buyer's

debit. When the cotton in question is ready for shipment, the bankers have the compress receipts exchanged for port or ocean bills of lading, the further financing being done in like manner as when cotton is shipped from outside compress points direct to port.

Cotton Sold to American Mills.—In the event of a shipment of cotton going forward to American spinners, practically the same method of financing is employed with the exception that the cotton buyer, who now becomes the seller, draws his draft direct on the mill in United States dollars instead of on the European reimbursement in foreign currency, eliminating, of course, the foreign exchange buyer entirely.

Financing Exports

Covering the drawings against cotton exports, three principal methods of reimbursement are employed: Bankers' unconfirmed credits, consignees' acceptances (documents delivered against payment) and spinners' acceptances (documents delivered against acceptance).

Bankers' Credits.—By far the largest percentage of cotton is exported under bankers' unconfirmed credits. At the beginning of the cotton season the European buyer usually makes arrangements with his bank or banks for a line of credit up to the limit of which the banks in question agree to accept drafts drawn by the American exporters against cotton shipped for account of the European buyer in question. Such drafts are usually drawn at 60d/s, 90d/s and in some cases 180d/s. When the European buyer of the cotton makes a contract with an American exporter covering a given number of bales of a specified grade, he at the same time notifies the American exporter of the name of the bank upon whom the draft is to be drawn. Such drawings are always purchased by the American foreign exchange buyer with the understanding that the documents are to be delivered to the drawee bank against its acceptance. After such delivery of documents the American foreign exchange buyer does not look to the cotton as collateral, but holds the accepting bank and the drawer of the bill responsible. The European bank, of course, holds the shipping documents under which it has absolute control of the cotton. In most cases, however, the same are delivered to the European buyer upon arrival of the ship and the cotton

is frequently delivered to the spinners to whom the same has been sold by the European importer or buyer and paid for before maturity of the acceptance under which the same came forward. The European buyer, of course, is called upon to pay the European bank a commission for the credit in question. Under this method of bankers' unconfirmed credits, the entire transaction, in so far as the European buyer of the cotton and his bank are concerned, is based wholly upon credit, no funds whatsoever being advanced by either of them. The American foreign exchange buyer, who has advanced actual cash, or its equivalent, however, does not find it necessary to tie up his funds for any length of time unless he desires to do so. European discount houses and banks, other than the one upon which the particular draft in question is drawn, usually are eager bidders for the discounting of such bills, and the American foreign exchange buyer receives by cable daily quotations at which bills going forward within a specified time can be discounted. Let us say, for instance, that a foreign exchange buyer in Chicago, on the morning of a business day, makes a bid for a draft drawn at 60d/s upon a London bank covering a shipment of cotton amounting to say £10,000 sterling. The following points must be considered.

The rate of exchange at which a demand draft on London can be sold:

- English stamp charges.
- Cost of collection.
- Rate of discount abroad.
- Margin of profit.

To illustrate:

Rate per £ sterling at which a demand draft on London can be sold.	4.8500
English stamp charges	.024
Cost of collection	.010
Discount for 63 days at $2\frac{7}{8}$ per cent	.242
Margin of profit	.024
	— .0300
	4.8200

The rate, therefore, which a Chicago foreign exchange buyer could pay for a 60d/s draft would be \$4.82 per £ sterling.

Payment Bills.—Under the second method, viz., that of documents delivered against payment of the drafts in question, the drafts

are drawn by the southern cotton buyer or exporter upon a European buyer or importer instead of upon a bank. In this case the American foreign exchange buyer forwards the documents together with the draft to his European correspondent with instructions that the draft be presented for acceptance, but that documents be delivered only upon the actual payment of the draft. The cotton, upon arrival abroad, is stored for account of the American foreign exchange banker and the drawee or acceptor is at liberty, at any time, to call upon the European bank, in whose possession the documents are, and tender payment for the draft, less the rebate, for the number of days the draft has still to run before maturity.

Rebating Payment Bills.—The rate of rebate is dependent on the bank rate prevailing at the time when such draft is paid. In England the rebate rate is one per cent below the Bank of England rate, while on the continent the actual bank rate is figured. Inasmuch as the taking up of such bills is subject to the call of the drawees, European bankers rarely are willing to discount the same. It must be further noted that with a bill of this character, only the names of the drawers and drawees are back of the documents, and on this account the American foreign exchange banker must necessarily limit his purchases of this character of bills to the amount of credit which he is willing to furnish the drawers and acceptors, holding the cotton as collateral.

Making Payment Bills Liquid.—The amount thus invested can be made liquid by the American foreign exchange banker drawing his time draft upon his European correspondent, who accepts the draft and holds the documents controlling the cotton which came forward attached to the payment bills as collateral. The time draft thus drawn can be discounted by the drawer in the foreign discount market and the proceeds availed of by the sale of his demand check, or he can sell the time draft in the open market in America. If payment bills are thus made liquid the amounts paid by the acceptor before maturity of the drafts are allowed to accumulate to the credit of the American banker's account abroad to eventually pay his own draft at maturity. In this case he will be called upon to pay a commission to the European bank for accepting the time drafts, which necessarily must be taken into consideration in the price paid for the payment bills. On this account payment bills do not net as much to the American exporter as do drafts under bankers' credits,

but on the other hand, the European buyer saves the commission which he would have to pay his bank for furnishing the acceptance. The American buyer of the exchange when bidding on a 60d/s payment bill to be financed by issuing his own sixty-day draft on London instead of being able to pay the rate of \$4.82, which he could allow for a banker's 60d/s draft, would deduct the cost of the acceptance of his draft—let us say one-eighth of one per cent. His figures would then be as follows:

The rate for a demand draft on London.....	4.8500
English stamp charges	.024
Cost of collection	.010
Discount for 63 days at 2½ per cent	.242
Margin of profit	.024
Charges for acceptance	.062½
	.03625
	4.813½

The question of the rate of interest allowed on balance accumulating in the foreign bank, as compared with the rebate rate, must also be taken into consideration.

Spinners' Acceptances.—Under the third method, viz., where drafts are drawn on spinners direct, documents to be delivered against acceptance, the acceptances run to maturity and it is possible to have the same discounted in the open discount market, but usually the rate of discount for such bills is higher than is that for bankers' bills. The buyer of such drafts, therefore, in making his bid must, of course, figure in the rate at which such bills can actually be discounted, the difference ranging from one-eighth to one-fourth of one per cent per annum above bankers' rates, depending upon the money market.

Bills Bought for Investment.—When conditions are favorable the foreign exchange banker instead of discounting all of the bankers' and spinners' acceptances or issuing his own time drafts against payment bills will buy such drawings and hold the same as an investment to be collected and disposed of at maturity. It usually occurs that during a heavy export movement exchange rates are low and on account of the large demands made upon the discount houses abroad, discount rates are high. When this condition pre-

vails, time bills can be bought on a low basis while the exchange at the maturity of the bills probably will have advanced, thus showing a comfortable earning on the investment.

Method of Bidding.—The bids above referred to are made by wire to a foreign exchange broker in the South, and before the close of the day's business, telegraphic advices will have been received as to the amount of exchange which the bids had been successful in securing, as a result of which the foreign exchange buyer cables his European correspondent accepting discount for the amount involved.

Currency Movement.—When the draft drawn by the Southern cotton buyer or exporter upon the European reimbursement comes forward to the Chicago foreign exchange buyer, the amount drawn for in United States dollars is placed to the credit of the Southern bank by which the same was negotiated. In this way the Southern banks during the cotton season accumulate large balances in the Northern and Eastern centers which they are unable to dispose of, as a consequence of which the actual cash is shipped to the South from time to time, to cover the cost of which the Southern bankers naturally charge their customers what is known as exchange. If the foreign exchange banker in the centers outside of New York does not have sufficient local demand for his foreign exchange, the balances accumulated abroad are disposed of by the sale of demand checks or cable transfers to New York foreign exchange houses. It is, therefore, evident that in the bidding for drafts drawn against cotton shipments the rate at which New York exchange can be disposed of must be taken into consideration. If, for instance, New York exchange is ruling at twenty-five cents a thousand dollars discount, the Chicago banker could pay on the basis above referred to a rate of \$4.82 per pound sterling, less the twenty-five cents per thousand which it would cost to get rid of his New York exchange, equaling approximately twelve cents per £100 sterling. He would, therefore, be able to pay only \$4.81 $\frac{7}{8}$. Should, however, New York exchange rule at a premium in Chicago, then the opposite would result.

Gold Importations.—If the New York banks do not find sufficient demand for foreign exchange to dispose of their balances abroad settlement must be made in actual gold, resulting, of course, in gold importations.

Purchases Limited.—At the beginning of the season the American buyer, after having thoroughly acquainted himself with the financial and moral standing of the exporters from whom he buys exchange, arranges the lines up to the limit of which he is willing to accept drawings of the various kinds of bills. He also decides upon the line of acceptances of any of the European banks he is willing to negotiate. When the limit is reached, the brokers are notified and the seller of exchange in the meantime must place the same elsewhere.

Hypothecation of Cotton.—The foreign exchange banker also secures from the exporter what is known as a general hypothecation, under which the latter authorizes him, in the event of the dishonor of any draft, to take possession of the cotton and dispose of the same in the market, applying the proceeds against the drawer's obligation, collecting the balance from, or remitting the surplus to, the drawer in question. In addition to this, the banker is authorized, unless otherwise and specially instructed, to deliver the documents against the acceptance of the drafts.

Insurance of Cotton

Inasmuch as cotton is of a perishable and inflammable character, the same is covered by insurance from the time that it is delivered to the gin, when it comes under what is known as a ginner's local fire policy, and the bankers advancing the funds each, in turn, insist upon being fully protected against loss either by fire or the sinking of a vessel, which may be covered by a separate policy on each shipment, in which event such policies are attached to the drafts, or under an open policy, in which event satisfactory evidence from the insurance companies to the effect that such a policy has been issued is placed on file with the bankers concerned.

Hedging

The cotton buyers in the South are in daily communication by cable with their European connections. Let us say that a cotton buyer in Dallas in the morning receives an order from abroad to purchase five thousand bales at a stated price covering a specified grade of cotton. He immediately wires orders to his representatives, and inasmuch as he usually has quite a number of such

representatives in various sections of the country, it frequently happens that at the close of the day's business when all of the purchases have been reported, it is learned that more than the order in question has been bought, and not wishing to speculate, the Dallas buyer immediately goes to the cotton exchange and there disposes of the number of bales overbought, but instead of selling spot cotton, he sells futures. Should the market on the following day for spot cotton have reacted, the bales overbought the day before would have to be sold at a loss, but inasmuch as the spot market moves in sympathy with the future market, the buyer of the cotton would be in a position to buy against the futures which he has sold, at a profit equal to the amount lost on the spot transaction. This is what is known as legitimate hedging of cotton in order to prevent speculation. Should the cotton buyer at the close of the day's business learn that the amount of cotton purchased was not sufficient to cover the amount sold abroad, then he would become a buyer of futures instead of a seller.

THE COFFEE MARKET

BY G. G. HUEBNER, PH.D.,

Instructor in Transportation and Commerce, University of Pennsylvania.

Over 2,300,000,000 pounds of coffee are annually produced on the plantations of the countries where it is a staple product. About 961,000,000 pounds are each year consumed in the United States, and in 1910, 873,983,757 pounds were imported. This places the United States in the forefront of all the coffee markets of the world and has made possible the development of a market as highly organized as those of grain, cotton or any of the great agricultural staples.

Coffee Production and Consumption

The source of the coffee supply lies in the tropics and is widely scattered. The greatest of all the coffee producers is Brazil, and Brazilian coffee, being of the "strong" variety, is of particular importance to the American consumer with his long nursed taste for that class of table beverage. The Brazilian states of Rio and Sao Paulo have the principal coffee plantations of the entire world. To them coffee means more than does the cotton crop to the American cotton belt. The close dependence of the people upon their single large crop is the chief difficulty which now confronts them. From 9,500,000 bags in 1899-00 the world's crop grew to 11,300,000 in 1905-06 and to 20,000,000 in 1906-07, with a consequent decline in price and further mortgaging of the coffee plantations of these states.

The State of Sao Paulo in attempting to aid the planters in their difficulty undertook its policy of "coffee valorization," which has since been one of the leading forces in the production of coffee as well as of considerable importance in its distribution to the various coffee markets. Coffee valorization is essentially an attempt to corner the market, and in that way control the price. The State of Rio declining to share the financial risk involved, it was undertaken by Sao Paulo alone. In order to limit the world's supply to 17,000,000 bags, the state went into the market as a coffee buyer. A tax was placed upon exports and coffee-tree planting, treasury bills were issued, and, with the stored coffee as collateral, loans

were obtained from large banking concerns in New York, London and various European ports. By the end of 1907 the state found itself in financial difficulty with a large amount of coffee on hand, and unable to raise more funds with which to stem the still declining market. In order to refinance its coffee holdings an agreement backed by the federal government of Brazil was made with the syndicate of interested banks. Under this agreement (1) the federal government guarantees a new loan of £15,000,000, (2) the coffee holdings are stored in warehouses at New York and seven European ports and warrants are deposited with three designated banks as trustees, and (3) the coffee is placed under the control of a committee of seven residents of the United States and Europe. These men may sell the coffee holdings, the minimum annual sales being specified. (4) The surtax is raised from three to five francs per bag, and is used for interest, amortization, etc., of the loan. (5) The total exports are limited to 9,000,000 bags in 1908-9, 9,500,000 in 1909-10, and 10,000,000 thereafter annually.

During the period of state purchases various effects of the valorization plan became manifest. On the one hand the state government suffered a loss of several millions; and the credit of the state suffered severely. Conversely, however, numerous planters received higher prices than the open market warranted; and prices generally were steadier. The large crop of 1906-7 would probably have demoralized the world market had the state been absent as a powerful bull factor. Moreover, the preference of the government for the better grades, also, induced the planters to improve the quality of their output, and in that way exerted a favorable influence upon production.¹

Since additional purchases have been discontinued the State of Sao Paulo is still a material factor in the production and sale of coffee, in that the surtax on exports still remains, the annual quantity of exports is restricted, there is a tax on the planting of new trees, and a large though declining quantity of coffee lies in the warehouses of the leading coffee markets which, under certain restrictions, can be sold by the trustees in charge. Ordinarily a large known supply of a staple article acts as a weight upon the market, but it has not had that effect upon the price of coffee. This price has been increasing during the last year, and coffee dealers have

¹Quarterly Journal of Economics, May, 1909.

explained that any attempt on the part of an importer to seriously interfere with the plan to maintain prices could be crushed by the release of large quantities of the stored coffee. On the other hand the coffee can be safely held, for its quality increases with age.

Though Brazil produces about two-thirds of the world's crop, the valorization plan was hampered by the existence of other sources of supply. The Central American countries, chiefly Guatemala, are an important source; Venezuela, Colombia, the Dutch East Indies, the West Indies, Mexico and various points in Africa produce considerable coffee; and smaller amounts are grown in Ecuador, Arabia and the Philippines.

The following table shows the amounts raised in the leading producing countries in 1909 and the quantities exported to the United States in 1909 and 1910 (in thousands of pounds):

Country	Production in	Exports to United States	
	1909	1909	1910
Brazil	1,674,428	818,444	699,242
Central America	164,489	40,752	30,040
Venezuela	103,454	54,774	42,542
West Indies	89,733	3,313	4,632
Colombia	79,366	60,184	53,332
Dutch East Indies	56,768	11,387	11,354
Mexico	42,000	35,004	21,205
Africa	20,452	17	3
Total	2,230,690	1,023,875	862,350
World's total	2,367,289	1,051,749	873,984

In the aggregate no country rivals the United States as a coffee-drinking nation. Germany comes nearest with an annual consumption of about 396,205,000 pounds. The annual per capita consumption of the United States of nearly 14 pounds is, aside from the producing countries, exceeded only in Belgium and Holland. In Germany it is but 6½ pounds, in France 4.3, in Austria-Hungary 2.05, and in England 69/100 of one pound.

Classification of Coffee

Many grades and classes of coffee are sold in the American market, and at different points in the course of its sale and by the various parties handling it, it is differently classified. In Brazil coffee is classed primarily as "Rio" and "Santos" coffee, and these

again into "highland" and "lowland." It is then further divided into grades as to its quality, commonly into first, good first, regular first, ordinary first, second, good second and ordinary second.

Importers and roasters also distinguish between coffees as to their source of production. Thus they commonly talk of Rio, Santos, Java, Mocha, Maracaibo, La Guaira, etc., coffee. Java and Mocha, however, have become trade names applied to many kinds of "mild" coffee. Even in the case of coffee legitimately called "Java," the name is a myth, for Java in the blend comes mostly from the island of Sumatra. American coffee dealers, also, commonly classify coffee into grades of quality depending upon the size of the bean, its color, uniformity and cleanliness. Terms such as fancy, prime, good, fair, ordinary and common are used in buying and selling spot coffee.

The most generally applied classification is that of the New York Coffee Exchange, which is used by its members for trading purposes. Its rules divide the green coffee as it is imported into nine grades known as Standard Grades numbers 1 to 9. The methods of arriving at these grades will be explained later.

The Purchase and Sale of Coffee

In the bringing of the coffee from the planter to consumer many parties are usually involved. As a rule the green berry passes from the planter of Brazil to the "Commisario" who is a commission man and something more. As the local banker, landlord or country merchant sometimes does in the cotton states, so the commisario lends money to the planters, taking the growing crop as collateral. Later the coffee may be sold to him as a dealer or through him as a commission man, the planter receiving the balance over and above his debts. The commisario may sell the coffee to an exporting concern, and this may sell it to the New York importer. However, the process varies, for some planters sell direct to exporters; and importing firms may have agents to buy direct from the planter or commisario.

The green coffee being purchased by the importers it is traded in at the great coffee markets, the largest of all being New York. Other dealers may intervene, but ultimately the green berries are purchased by "roasting concerns," and the importer may himself be a roaster. Here the coffee is roasted and prepared for the

grocery market. It may be shipped to wholesale grocers in bulk or in prescribed packages, whole or ground, and special trade names and brands may be attached. The wholesale grocers in all parts of the United States distribute it to the retail merchants.

The New York market receives about ninety-seven per cent. of the annual coffee imports of the United States, and it is here that the best organized coffee market has been established. In the passing of the green coffee from importers to roasters or dealers and brokers, two markets are distinguished. One, the "spot market," is of local significance and is located in the district of lower Wall Street and sections on Water and Front Streets. Here coffee importers, roasters, dealers and brokers conduct their "street sales." Besides these private sales there are the "exchange sales" which are made in the other or "exchange market." This business is conducted on the floor of the "Coffee Exchange of the City of New York."

The Coffee Exchange of the City of New York

In the fall of 1880 there was a period of two months during which the coffee trade was almost at a complete standstill. There was a large accumulation of coffee in the port warehouses and the traders of the interior were fully supplied. Prices varied between sales as much as three cents per pound or \$4.25 per bag. The first coffee exchange was then organized at Havre in 1881, and in the same year the "New York Coffee Exchange" was incorporated. It operated until 1885, when its property was by resolution of the governing committee transferred to the present "Coffee Exchange of the City of New York." As stated in its charter its purposes "shall be to provide, regulate and maintain a suitable building, room or rooms for the purchase and sale of coffees and other similar grocery articles in the city of New York, to adjust controversies between members, to inculcate and establish just and equitable principles in the trade, to establish and maintain uniformity in its rules, regulations, and usages, to adopt standards of classification, to acquire, preserve, and disseminate useful and valuable business information, and generally to promote the above mentioned trade in the city of New York, increase its amount, and augment the facilities with which it may be conducted."²

²Charter, By-Laws and Rules of Coffee Exchange of City of New York (1902), p. vi.

In the promotion of the trade at New York the exchange has been signally successful, New York having become the greatest coffee market the world over. It has also been successful in organizing the trade on a safe and conservative basis. At first the calls of the exchange were "attended barely by a corporal's guard, many of the larger importing and jobbing houses refusing to join. But in less than a year the *raison d'être* of an exchange in New York becoming evident, nearly a hundred representative houses in the city and abroad that a year before had refused to join at the original initiation fee of \$250 purchased seats in the exchange at \$500; and those who did not even then join were glad to come in later at \$1,000, at which figure the number was swelled to an even hundred."³ At a recent date its membership numbered 323 brokers, importers, dealers and roasters. Membership is passed upon by a committee on membership, but any one twenty-one years of age, resident or non-resident, of good character and commercial standing is eligible when proposed as a candidate by one member of the exchange and seconded by another. The membership committee refers the names of applicants with recommendations to the board of managers, where a ballot is taken, one adverse vote in three excluding. Seats sell at \$1,500 but the exchange holds them at \$10,000 until there are 350 members of the exchange. Annual assessments are only about thirty dollars per year as the rents of the new building at Hanover Square are nearly sufficient to provide the necessary funds.

The exchange annually elects a president, vice-president and treasurer, who perform the usual duties of exchange officers. The real governing body is the Board of Managers, consisting of the president, vice-president, treasurer and twelve other members. This governing board, meeting monthly, appoints the necessary subordinate officers and employees and fixes their compensation, and may "summon before them any officer or member for any purpose whatsoever." It appoints the secretary of the exchange from among its own number, a superintendent of the exchange, and the numerous committees which are in active charge of specified activities. It also licenses the necessary coffee graders, warehousemen, weighmasters and samplers of the exchange.

A brief discussion of the duties of the superintendent and the

³The Alcoln Magazine, March, 1909, p. 4.

various committees will help to explain the methods of the exchange market. The superintendent, under the direction of the board of managers, has charge of the details of its work and of that of the various committees. He keeps all the books and documents of the exchange; collects and pays over to the treasurer all moneys due the exchange not otherwise provided for, receives, deposits and pays over all margins on coffee contracts; has active charge of the exchange rooms and the bulletin board; and manages and appoints, with the consent of the board of managers, the assistants needed to perform the details of the work under his charge.

One of the functions of the exchange is that of grading and classifying the coffee, and it has taken steps to fully safeguard this work. As previously stated, the exchange rules provide for nine standard grades, and only licensed graders are permitted to grade coffee traded in on the exchange. At a recent date there were twenty-six licensed graders. One of them is appointed by the board of managers to annually provide fresh standards and "maintain them as nearly as possible on an equality." These selections, when approved by the board, are adopted by the exchange as the basis for the year. Upon receipt of the coffee at a licensed warehouse, two licensed graders are selected, one each by the buyer and seller, and these men who are experts each receive at least three cents per bag for their services when performed for members of the exchange and at least six cents when for others. In case they disagree their differences are referred to the Board of Coffee Arbitrators, consisting of ten experts appointed by the board of managers. The superintendent now selects three of these arbitrators by lot. Upon examining approved samples of the coffee and comparing them with the standard samples, a majority decision of the arbitrators is final. Should they be unable to arrive at a decision from the samples submitted, the original graders are given an opportunity to alter their gradings, and if they do not do so the samples are submitted to the entire Board of Coffee Arbitrators, excluding any members who may have been the original graders, for a majority vote. As soon as the coffee is graded a certificate is issued stating the coffee grades and bearing the signatures of the superintendent and graders. This certificate is conclusive evidence of the grade for the subsequent six months, the buyer receiving the original and the seller a duplicate.

In the course of trade, claims and trade controversies of various kinds occasionally arise, and the exchange organization includes machinery for their peaceful settlement. The board of managers annually elects an Arbitration Committee of five exchange members, who work under oath to decide disputes fairly. When the parties to a dispute submit their case to the committee they sign an agreement to abide by its decision. All parties, however, are not willing to arbitrate a dispute, and for such instances the board annually appoints an Adjudication Committee of seven. This committee has the power to adjudicate all claims and controversies between members arising out of any transaction in merchandise "if notice in writing of such claim or controversy, and of the intention to demand an adjudication thereon, be served by either party thereto within ten days from the ascertainment thereof." Within three days after such notice is served, each party either appoints an exchange member as his adjudicator or the superintendent does it for him, and these select a third from the adjudication committee. An appeal may, within two business days, be made to the board of managers, who, if they decide to grant the appeal, appoint an Appeal Committee of five not less than three of whom are members of the board. A majority vote of this committee then becomes final and binding. The difference between arbitration and adjudication of a dispute is that the former is voluntary with both parties, while the latter is compulsory upon application of one party.

Another committee of trade importance is the Spot Quotation Committee of five exchange members. Each day at two o'clock, except on Saturday, when it meets at 11.45, this committee by a majority vote establishes the official daily market quotation of number seven coffee. There is likewise a Committee on Quotations of Futures. This committee of five meets daily "immediately after the first call and at the close of the exchange and reports to the superintendent the tone and price of the contract market, to be posted on the blackboard and transmitted to other exchanges and commercial bodies."

A Committee of five on Trade and Statistics has the important function of reporting to the board as to regulations for the "purchase, sale, transportation and custody of merchandise," and it attempts to establish uniformity in such matters between different markets. It also has charge of "all matters pertaining to the supply

of newspapers, market reports, telegraphic and statistical information for the use of the exchange. In the early 80's the exchange abolished the old method of keeping coffee statistics, and the basis then adopted has since been accepted by all the large coffee markets of the world."

A Committee on Commissions (5) reports on changes in commissions, violations of the rules on commissions and the rules governing the employment of agents by exchange members. At present the minimum commission for members is two cents per bag, and for non-members it is four cents. In case of actual delivery an additional minimum brokerage of one cent for members and two cents for non-members prevails.

Other committees are the Finance Committee (2) to audit bills and claims against the exchange, direct deposits and investments, and audit the monthly and yearly accounts of the treasurer; a Law Committee (3), to deal with matters of legislation; a Committee on Rooms and Fixtures (3); Membership and Floor Committee (5); and a Nominating Committee (5). Organized as above outlined and with a well-established code of trade rules, the exchange annually transacts a large number of sales in a businesslike way. Since 1900 the volume of sales has varied from 6,881,500 bags in 1908 to 25,487,500 in 1904. There is a large amount of trading in future contracts, and a standard form has been adopted by the exchange. No future contracts are valid unless they are made in the following form:

OFFICE OF _____.
NEW YORK, _____, 19—.

Sold for M. _____.

To M. _____.

Thirty-two thousand five hundred pounds, or about 250 bags of coffee, growth of North, South or Central America, East or West Indies, deliverable from licensed warehouse in port of New York, between the first and last days of _____ next, inclusive. The delivery within such time to be at seller's option, upon a notice to buyer of either five, six, or seven days, as may be prescribed by the trade rules. The coffee to be of any grade, from No. 9 to to No. 1, inclusive, provided the average grade shall not be below No. 8, at the rate of _____ cents per pound for No. 7, with additions or deductions for other grades according to the rates of the Coffee Exchange of the city of New York existing on the afternoon of the day previous to the date of the notice of delivery. Either party to have the right to call for margins as the

variations of the market for like deliveries may warrant, which margins shall be kept good.

This contract is made in view of, and in all respects subject to, the rules and conditions established by the Coffee Exchange of the City of New York, and in full accordance with Section 102 of the by-laws.

_____,
Brokers.

(Across the face is the following:)

For and in consideration of one dollar to _____ in hand paid, receipt whereof is hereby acknowledged, _____ accept this contract with all its obligations and conditions.

All deliveries on such future contracts must be made from licensed warehouses. There is a separate "to arrive contract," but this likewise requires delivery at a licensed warehouse unless the buyer and seller have a mutual understanding to deliver the coffee from dock or ex-ship. Margins to protect the contract may be called for by either party. The largest deposit for margins was made in 1904 when \$22,661,710 were deposited with the superintendent as required by the exchange rules.

The basis grade in a future sale is No. 7, but any other grade may be delivered so long as the average is not below No. 8. The price agreed upon is in terms of No. 7, and when other grades are delivered additions or deductions are made at a relative difference of 50/100 of a cent per pound for each grade. This is a "fixed difference" plan not found in any of the great grain or cotton exchanges. At one time the trade followed the method of daily revisions, but the fixed difference plan was adopted as long ago as 1884. About a decade later it was repealed, but has since been re-established. The secretary of the exchange believes that "the value of such fixed differences is manifest, as both buyer and seller know when entering into a transaction at what difference in price above or below the basis of all contracts, standard No. 7, coffee so bought or sold can be delivered." The right to deliver any grade in a future transaction has done much to avoid the danger of corners in the future market.

If no quantity of coffee is specified in a contract, it is understood to be for 250 bags of about 132 pounds each. False or fictitious sales are prohibited, and all contracts must be reported to the superintendent. All contracts, moreover, are binding and call for the delivery of actual coffee, although "ring settlements" may

be made whereby, as in a grain or cotton exchange, parties holding contracts against each other corresponding in all respects except as to price may cancel them after settling price differences.

The future contract, besides being used for the delivery of coffee during stated months in the future at a given price, is also used for hedging purposes. As in the grain or cotton markets, dealers protect themselves against price fluctuations by hedging in the future market. Importers, for instance, when purchasing coffee abroad frequently sell an equal amount for future delivery on the exchange. "When the time for delivery arrives it is simply a question of calculation of the market conditions whether it is more advantageous to repurchase the sales made as a hedge, or as a kind of insurance to protect themselves against loss, and free the coffee so engaged, or to make delivery of the coffee as it comes in."⁴

The price of green coffee is largely determined on the exchanges of New York, Havre and Hamburg, and the daily quotations on the New York exchange are heeded by the coffee trade throughout the world. It is a natural market in that all the numerous price factors are weighed by the traders in making their transactions. The amount of production, the partial control of production and sales by the valorization plan, the growth or decline of coffee consumption, the adulteration of coffee, the use of coffee substitutes, such as tea, postum, malt coffee, etc., money and trade conditions, and trade expenses, all combine to make the price of coffee, but the exchange is the spot where the buyers and sellers, influenced by these various forces, meet each business day and trade in coffee. They bid and ask what they believe to be the possible price, but with each sale a buyer and seller come together and determine a definite price which becomes a matter of record. Price quotations are sent by one great market to another, and as each must heed to some extent those of the others, the trade, within certain limits determined by special conditions, obtains a world's price. As in the grain, cotton or any trade involving thousands of producers, traders and localities, only a highly organized market makes possible a world's price. Without it, differences in prices in different localities would be far wider than at present and the effect of supply and demand would be local instead of world wide.

⁴R. C. Auld, in *The Alcolim Mag.*, March, 1909, p. 4.

COMMUNICATION

SHIPPING FACILITIES BETWEEN THE UNITED STATES AND SOUTH AMERICA

BY HON. WILLIAM E. HUMPHREY,
Member of Congress from Washington.

In this publication for May last there appeared an anonymous article entitled "Commerce with South America." It is certainly to be regretted that the name of the writer of this article was withheld. I trust that all statements in relation to other phases of the subject are not as misleading as those in regard to the shipping facilities between this country and South America. The argument that he makes on this subject is the familiar one that has appeared in the various publications of this country in defense of the foreign steamship combine that yearly levies its unearned millions upon the American people. While not intimating that this article belongs to the class furnished by the hired writers of this South American combine that entirely controls the carrying trade between this country and South America, one thing is certain, it meets the most enthusiastic endorsement of this foreign monopoly.

The statement to which I particularly wish to call your attention, which gives the substance of his entire article upon the question of shipping, is in the following language and found on page 74 of the May number:

"In fact, having regard for the volume of cargo available, these countries are already relatively as well served from New York as are the principal ports of Europe and Asia.

"Nearly all the boats for Brazil, as well as those for the River Plata, accommodate passengers, and some of the lines operate excellent passenger boats on good schedule time. So it is no longer necessary to travel via Europe, except for those travellers who wish to spend more time and more money, because they like to take in the pleasures of London and Paris en route."

These are the statements that the conferences of the foreign ships composing the lines between here and South America are constantly giving publication in every conceivable way. The writer of the article attempts to demonstrate the truth of his statement by giving a list of what he terms "sailings" by so-called regular lines. But he does not call attention to the fact that there is not a single American vessel of any kind running between this country and South America beyond the Equator. He also carefully conceals the fact that there is not a single first-class vessel, nor even a single second-class vessel of any kind flying any flag running between this country and South America. He also directly misstates the facts when he gives, as he does, fourteen regular lines. He could not be much further from the truth than when he made that statement. As a matter of fact there is but one out of the fourteen that he specifies that professes, or even attempts to maintain, a regular schedule service. All the vessels on all these lines are slow. All of them are third class or poorer. Most of them do not run more than twelve knots an hour. Not more than three vessels can be termed in any sense modern, while as a matter of fact most of them are antiquated and out of date. None of the vessels running directly between here and South America is to be in any way compared with the vessels running on the regular lines between Europe and South America.

All statements—such as made by the nameless writer—are attempts to deceive the public by telling half the truth, by listing a lot of old, slow and obsolete vessels as regular lines and then leaving the inference that the service they give is equal to the regular lines between Europe and South America. It would be just as near the fact to say that Philadelphia had ample railroad facilities with New York, if it had only slow and irregular freight lines, and that these lines in their own way and in their own time and at their own price carried the freight and the mail, and so completely monopolized the field as to prevent all competition. Philadelphia would then, according to the views of this anonymous writer, have ample railway facilities to carry all her freight and her mail, and the manner and the rapidity with which it was carried would not be any ground for complaint. This is exactly the situation between here and South America to-day. Under such conditions would Philadelphia have the efficient facilities for trade with New York as Chicago now has with its fast trains running on fixed schedules with all modern

equipments? In this illustration Chicago occupies exactly the same position that Europe to-day occupies as compared with the United States in contesting for the trade of South America. The deception of these claims made in the article referred to, and by other defenders of this foreign monopoly, is perfectly plain. They cite these old and out-of-date vessels and claim that: *sufficient facilities* of most inferior character are *efficient facilities* to meet the competition and the demands of modern commerce.

From every one of our South American consuls we have the oft-repeated declaration that what this country needs to develop our commerce with South America is fast and regular steamship lines under the American flag. So slow and uncertain is the communication furnished to-day that practically no American fruit goes to South America except by way of Europe. Mr. George E. Anderson, American Consul-General at Rio de Janeiro, in his report of July 30, 1909, says:

"American fruit often comes to Brazil via Europe. Some American apples have been shipped across the tropics without ice, so strong has been the demand for them, although the loss en route was enormous."

This statement graphically shows the character of the service furnished, and the character of the ships used between here and South America. Further on Mr. Anderson says:

"In spite of the fact that each country in Europe can take advantage of the vessels of every other European country in the trade with South America, as the United States does of the English and German vessels serving the trade between the United States and Brazil and the River Plata, each of the principal trading nations of Europe maintains by subsidies and mail subventions a line of its own."

Here we have stated the vital difference between the service furnished between here and South America, and between Europe and South America. Europe has the fast, direct and regular lines. We have only practically a tramp service of slow ships. With these great advantages of fast and regular lines, and with each line an agent of the business interests of the government whose flag it flies working for those interests and against the interests of the United States, is it any wonder that we are not getting our share of the trade with South America? What patriotic citizen can doubt the

wisdom of the statement of Consul-General Alban G. Snyder, at Buenos Aires, January 14, 1909, in his report when he says:

"We cannot acquire our proportion of the foreign trade and what our over-production may some day demand without quick, regular and speedy ships. Under present conditions it is remarkable that we have the amount of trade in South America which we now possess."

What has already been said shows the difference in the character of the service furnished between this country and South America, and between South America and Europe; but let us take a few specific facts as showing the difference between these two services and, also, as throwing great light upon the character of the service between this country and South America.

Mr. I. E. Moses, one of the leading citizens of Seattle, Washington, who had just returned from a trip to South America, stated under oath on June 10, 1910, before what was known as the "Steenerson" Investigating Committee of the House of Representatives among other things the following:

I have here a list of the ships arriving and the ships sailing from Buenos Aires that I cut out of the newspaper there. For the last day of April and the month of May there were thirty-eight mail steamers expected at Buenos Aires, out of which five came from New York. There were eighty-three ships altogether, mail and freight ships, that were to arrive at Buenos Aires, out of which five came from New York. There were thirty-five ships sailed from Buenos Aires in May, one of them being a mail steamer to New York. The total that sailed during the month of May and the last day of April from Buenos Aires was sixty-three. Three of them were to go to New York. Out of all of those lines coming from Germany, France, Holland, Italy, Sweden, Austria, Spain—and I also saw the Portuguese flag—there was not a single American flag. The consul at Buenos Aires told me that maybe once or twice a year a sailing vessel with the American flag would come down there.

In passenger traffic a great many people travel by way of Europe because it only takes a couple of days longer and I think the additional fare amounts to only about \$10, and there is absolutely no comparison in the accommodations. You can travel like a civilized human being on the Royal Mail, and then from Southampton to New York, of course you get a good steamer.

Mr. Moses further testified that his investigations demonstrated that it was impossible to be certain of sending freight from Seattle

to Buenos Aires and having it delivered in six months unless it was sent by the "Conference" lines, the reason being that the "Conference" lines so completely monopolized the trade that they could keep a vessel outside of the conference from securing wharfage facilities to unload its cargo for a period of from three to six weeks, and thereby preventing the delivery of goods within a reasonable time, even after the vessel had actually come into port. And for this reason, among others, he found it inadvisable and impossible for merchants in Seattle to do business in Buenos Aires. It is a well-known fact that has never been disputed, that if an article is sent from this country to South America that requires prompt delivery it usually goes by the way of Europe. It is also a fact that many manufacturers of this country have been forced to establish factories in Europe in order to reach the South American trade. If any one wishes information upon this particular point or questions the correctness of this statement I would suggest that he ask the Hon. George W. Fairchild, member of Congress; Mr. J. A. Coffin, of the Aeolian Company, New York City, N. Y.; Mr. Phillip Worlin, of New Orleans, La., or Mr. George W. Gittins, general manager of the firm of Kohler & Campbell, New York City, N. Y. These men are all large shippers. They know the facts and they will substantiate everything herein stated.

If any one desires information in detail as to the shipping conditions existing between this country and South America, as compared with those between Europe and South America, he can secure such details by sending for a copy of Senate Document No. 476, Sixty-first Congress, Second Session.

I am in receipt of a letter under date of August 2, 1911, from Mr. Gittins giving some of his recent experiences. From it I quote the following:

Some few months ago we made a shipment to Rio de Janeiro of a number of pianos and cleared the shipment the same day and put the documents in the mail. The papers evidently went via Europe, but wherever they went we do not know. The shipment of pianos arrived a few weeks ahead of the documents and the result was that there were custom's fines and storage charges to the extent of over \$200.00 on the entire shipment, because the shipment could not be taken out of the customs before the documents were received.

We have had many occurrences of this character. It is a wonder that

we can retain our trade in South America, which is fast developing in all of the countries.

This is an ordinary experience not only with this firm, but with all shippers who are compelled to avail themselves of the service between here and South America so much praised,—by anonymous writers and by those interested in these foreign steamship lines, or by those who receive rebates or other special favors from them. I quote further from Mr. Gittins' letter concerning a recent attempt to ship a consignment of twenty-four pianos to Montevideo on the steamship "Hermiston" of the Houston Line:

We got our permit in the regular way and we delivered our shipment to the pier promptly. Several days after the steamship sailed, in a merely accidental way, our Export Manager discovered that the shipment was yet on the piers of the Houston Line, the S/S having sailed without taking our goods.

When I discovered it I telephoned to the Houston Line and told them that I would send our truck there and take the shipment away and send it on another line, but they refused to deliver the same, on the ground that their B/L read that if they did not make the shipment on one steamship they were at liberty to make the next one. This steamship, of course, would not sail for probably a month.

I here publish in full a letter written Mr. Gittins by his representative in Rio de Janeiro.

Stephen Schaefer
Caixa do. Correlo No. 452
Rio de Janeiro

Agent for
American Manufacturers

Show rooms and office
No. 50, Rua Dos Ourives

RIO DE JANEIRO, July 14, 1911.

My dear Mr. Gittins:

In order to show you how American goods are treated here by the shipping companies, I will take for example the three autos you have sent to me by the Steamship Voltaire, which was expected here on the 6th and arrived on the 9th July. This boat carried not a large cargo to Rio de Janeiro, but of all the cargo it carried, to-day, on the 14th of July (five days after arrival) not a single volume has been turned over to the custom house. The goods are in many small boats; my three autos are in three different boats. The shipping company will probably commence to-morrow, the 15th of July or else on Monday the 17th of July, to bring the boats over to the

custom house, one by one, and my autos will enter the custom house between the 15th of July to the 31st of July. That means that I cannot pay the duties before the autos are in the custom house and that I cannot get the autos perhaps before the end of the month. And, please do not forget that the Lamport & Holt Line is the only shipping company here with whom you possibly can ship goods to Rio de Janeiro. If you would ship with the Lloyd or with other companies, the delay would be twice or three times more! It is a shame on the American Nation that they do not provide for shipping and banks in a territory like Brazil, which, by its nature, should attract their best attention. All banks and shipping companies here are English and German; of course they are not interested in developing American trade by giving special attention and facilities to it.

It would interest me, Mr. Gittins, if you could let me know from time to time about the results of your association with regard to this country.

With kindest regards, I beg to remain, dear Mr. Gittins,

Yours sincerely,

S. SCHAEFER.

The illustrations that I have given are not isolated cases. I could give a thousand similar ones if necessary. And this lack of regular, efficient and reliable transportation facilities, in the judgment of all of our consuls and of all our business men who have had experience, is the main reason why we do not secure our part of the South American trade.

Let us, now, for a moment, examine the magnificent passenger service existing between here and South America of which your unknown contributor speaks so eulogistically. Let me again quote Mr. Moses, as he was not making loose statements and was under oath at the time. His description of the passenger accommodations on one of these magnificent vessels, the "Voltaire," by the way, one of the very best running between here and South America, is graphic and convincing. He was asked the question, "What do you say about the passenger accommodations on the 'Voltaire?'" He replied:

They were about as little as you could get; that is, they claimed to sell first-class passage; of course, there were no first-class accommodations. It is the only ship I remember being on where they had the old-fashioned way of filling the basins. They didn't even have the facilities for pouring water into the basins. We had nothing but a vessel something like a water bottle which they kept under the basin and we had to reach down and pull that out, and as to toilet facilities, the necessary vessel—the chamber—was kept in the same place, the same closet, with the water. The rule was to allow one clean towel a day. The fact is, the first day I went

in to wash my hands I found they had taken my towel out and not put a new one in, and when I inquired about it they told me that they didn't give out towels until half past eleven. I asked the steward what I was to do for a towel in the meantime. After that I found he did not take my towel out until time to replace it.

The only smoking room there was was a little room by the stairs that came up from the lower deck—that is, the deck where the dining room was—and I think three or four chairs around there filled with leather-covered cushions, and there were two chairs screwed to the floor in front of two tables. There was no ladies' saloon, or anything of that kind. When it was raining we had to go down in the dining room or in this smoking room. I have never seen any second-class accommodations on a European steamer that were as bad as the first-class accommodations on the *Voltaire*. In fact, I don't remember seeing as poor accommodations on any steamer.

A rather vivid description of the comforts of this magnificent service that, according to your unknown contributor, there is no excuse for escaping except that the passenger desires to have a good time in London and Paris. Mr. Moses further says:

The mail from New York is a very uncertain quantity. I went into the English bookstore, as it is called, when I arrived in Buenos Aires on the 23d of March, and tried to get a New York paper. The clerk kind of smiled at me, and he said they did not have any; that they would not have any in until the next mail came in. I asked him when that would be, and he said "Oh, you can't tell when any American newspapers will come in. You can get an English newspaper." He said, "We may have a New York paper in two or three weeks." Of course, I do not know whether it is the fault of the publishers or where the fault lies; but while I was there I know that we got the magazines for January, February, and March all in one batch on one day. They only get the Sunday New York papers, and when they come they come several weeks' issues all together. I asked him why they charged 45 centavos, which is about 20 cents, for a newspaper, and he said, "Nobody is going to buy these old newspapers when they could get newer ones, papers of a later date, and so whoever buys these of a later date has to pay for these old ones." Of course, the paper there was a good deal cheaper than at Rio. There the man wanted 50 cents for a New York paper. Reading came high.

I went over on a slow German steamer from Antwerp to Buenos Aires. My reason for doing that was to travel with the men who really knew the business, because it is the salesmen who do the actual business, the proprietors of the large concerns do not. I was the only American on board. There were Austrians and Russians and Frenchmen and Spaniards and Germans. I admit that it was not agreeable, being the butt of the whole party on account of the fact that they looked upon America as a kind of a cow to milk, we having no ships to carry our trade, and the

fact is we can hardly expect the facilities that the foreign countries can get, because the Lamport & Holt people and the other ships are owned in England and Germany, and there is no particular reason why they should give any more facilities than just enough to keep American ships out of the trade and throw as much as possible into the foreign countries.

The entire testimony of Mr. Moses is interesting and illuminating, and any one who cares to read it will find it in Volume I of the Hearings above referred to, page 840.

Few men in this country have made as many trips to South America, or have had as great opportunities to know the facilities furnished to passengers between here and South America, and between Europe and South America, as Mr. Fred J. Gauntlett, of Washington, D. C. He represents one of the great business concerns of this country, and this has taken him to South America many times. I asked him as to the passenger service to be had on the direct lines between this country and South America. His reply in the way of a letter states the conditions so well that I give it here in full:

WASHINGTON, D. C., July 15, 1911.

HON. W. E. HUMPHREY

Washington, D. C.

Dear Mr. Humphrey:

Replying to your request that I give you an account of my experience with the direct line of steamships from New York to South America, I beg to say that while I have made several trips to South America, that on account of the many unfavorable reports from other people I have only made one trip from Rio to New York on the direct line, and then only because it was a matter of necessity.

On this trip I found the vessel a good sea-boat, but from the passenger viewpoint that is the only good thing I can say of it.

The boats of this line are primarily freighters carrying a few passengers, which the owners evidently look upon as an accommodation to the public, as no effort seems to be made to give them first-class service, such as one has the right to expect, in view of the rates charged. This is borne out by the following:

The food generally is such as would be furnished in a third-rate boarding house. One day after leaving Rio there were no lemons on board. The same thing was the case one day after leaving Bahia and Barbados, and as anyone who has travelled in the tropics can testify, this article is a necessity. The fruit furnished for the table was of a very inferior quality, and some of it served to me was unfit for food.

This is wholly inexcusable, as tropical fruits of most excellent quality

were obtainable at all the ports of call at prices which were ridiculously low.

Three days before reaching New York the chief steward announced that there were no more matches on board, and one can readily imagine the tone of the conversation in the smoking room when this announcement was made.

These few facts, by their smallness, indicate to my mind the utter indifference of the management to the passenger traffic, and as this condition is a matter of common knowledge throughout South America, the people of Brazil, Argentine and Uruguay, as well as other South American countries, will not travel by this line and go to Europe instead, where they have such a good time that they seldom extend their travels to the United States, and it is my opinion that there will be no very great growth of trade from the north to the south until such time as we can get the people of Latin-America to journey north, and realize from practical experience the superiority of the higher standards of American over European comforts of living.

I have met many Latin-Americans who have expressed a keen desire to visit the United States, but say they have heard so much of the discomforts of travel by the direct line, that they decline to subject themselves to from two to three weeks of petty annoyances when they can go to Europe surrounded by all the comforts and luxuries of modern travel by up-to-date passenger vessels.

The vessel upon which I travelled, and I believe the same fact pertains to all the vessels of the line, are not built for the passengers' comfort, as are the boats from Europe to South American ports. The berths are so narrow that they are uncomfortable. The sheets furnished to my room were too short. The boiler and hatches were not insulated, so that the heat radiated throughout the whole ship and on the main deck where the deck chairs were placed, the bulkheads in wake of boilers were so hot that one could hardly touch them.

In justice to the officers of the ship, I will say that they did everything they could for the passengers' comfort, especially the captain and purser, but the faults mentioned were faults of the management, which the officers were powerless to alter.

I have travelled on the following vessels between Europe and South American ports: Araguaya, Avon, Amazon, Aragon and Nile of the Royal Mail Steamship Company; the Konig Wilhelm II, Konig Friedrich August and the Cap Vilano of the Hamburg American Line; the Oriana of the Pacific Steam Navigation Company, and the Principessa Mafelda of the Lloyd Italiano, and found them to compare favorably with the average Trans-Atlantic liner, but so far superior to the vessel of the direct line upon which I travelled which was the "Verdi" that they cannot be compared.

The through rate by the Hamburg American Line to Southampton or Hamburg thence to Buenos Aires is two hundred dollars, which is about the same as charged by the direct line for very inferior accommodations.

In conclusion I might add that the need for a line of fast passenger and mail boats is best illustrated by the fact that I have waited in Buenos Aires thirty-five days for an important letter from New York, and on one occasion a letter was forty-one days under way, and they seldom, if ever, reach that port in less than thirty days.

Very respectfully,

FRED J. GAUNTLETT.

Remember that the "Verdi" and the "Voltaire" are the best, fastest and the most modern ships running between this country and South America. It seems to me that no further evidence is needed to absolutely refute the following statement of the article in the May ANNALS:

"Nearly all the boats for Brazil, as well as those for the River Plata, accommodate passengers, and some of the lines operate excellent passenger boats on good schedule time. So it is no longer necessary to travel via Europe, except for those travelers who wish to spend more time and more money, because they like to take in the pleasures of London and Paris en route."

Mr. Moses and Mr. Gauntlett speak from actual experience. Does your unknown correspondent?

This anonymous writer as a final and triumphant compliment to the magnificent service rendered by this combination of foreign ships, says: "And it is all done without ship subsidy, except that enjoyed by one line under the Brazilian flag." This statement is nearer the truth in sound than in fact. But if it were absolutely true I wish to ask what necessity is there of subsidizing a complete monopoly? What necessity is there for the nation whose flags these vessels fly of paying them a subsidy when this monopoly has the absolute power to levy any rate they see fit and compel the American people to pay it? In fact, many of the lines between Europe and South America receive a subsidy, but they give in return a regular service. Nothing of this character exists between this country and South America. So far as I am aware no one in this country has ever advocated subsidizing a lot of slow antiquated third-class vessels running at irregular intervals. It was undoubtedly in the writer's mind when he uttered these words to discredit recent attempts that have been made in Congress to pass merchant marine legislation. If these words, "And it is all done without a subsidy," did not come from some document secretly prepared by the representatives of the foreign steamship trusts to

defeat merchant marine legislation it is certain soon to be permanently embalmed in that literature. All the ships between here and South America are in one combination. They form a complete monopoly. They fix prices at will. They arbitrarily raise and lower freight rates. These are fixed in advance always by agreement. There is no competition whatever between these lines. I ask what is the necessity of a subsidy under such conditions. If their business is not profitable all they have to do is to increase the rate that the American shipper must pay. Not only are these lines formed into a complete monopoly and fix rates by agreement to raise and lower them at will, but they give rebates and other advantages to their shippers. They refuse to accept freight from a shipper unless that shipper agrees to patronize them exclusively. If a patron ships by another line they not only refuse to pay him any rebate that may be due him, but they refuse thereafter to carry his freight at any price. They not only coerce the shipper into paying exorbitant rates, but when he refuses they drive him out of business.

One of our consuls gives an illustration where a Brazilian firm of coffee merchants was compelled to pay the conference vessel twice as much to carry a cargo as an outside ship already in the port offered to carry it for. These merchants were warned by the agents of the conference that they would send their coffee in the ship of the combine at the price fixed by the combine or they would be driven out of business. Having no alternative they obeyed this mandate. I have in my possession a recent letter from the Arbuckle coffee firm of New York, saying that they were unable to get any of the ships of the conference to carry their coffee unless they would sign a written agreement not to patronize any outside vessel. None of the facts that I have herein stated will be denied by this foreign shipping combination. They dare not deny them. All the evidence fully substantiating every statement I have made is now in the Department of Justice at Washington, D. C. Even the writer of the anonymous article in your May number will not attempt to deny any of these statements. The only answer that is ever made to these statements is by the publication of such articles as the one contributed by him. These they circulate in every way possible and the statements they contain are more misleading in their ingenious mixture of truth and falsehood than if they gave only that which was entirely false. I certainly do not wonder that any

American citizen that would thus covertly defend the most infamous and greedy monopoly in existence would want to do it anonymously, especially when it is remembered that it is a foreign monopoly and that it lives off of the American people.

Some two years ago in an article in "Pearson's Magazine" I called attention to the workings of this shipping trust, to the inadequacy of the service and the exorbitant rates, and of its practice in giving rebates and its infamous methods of driving out of business any one that refused to patronize it. In a short time thereafter a large number of editorials appeared almost simultaneously in newspapers throughout the United States refuting the statements that had been made. The argument advanced and the facts used were almost identical with those used in the article by your anonymous contributor. All these editorials were based upon a statement made by certain firms of coffee merchants in New York City. Soon after the publication of these editorials before the Congressional Investigating Committee heretofore referred to, Mr. Joseph Purcell, of the firm of Hard & Rand, and Mr. Justus Ruperti, of the firm of Gamiska & Co., both appeared as witnesses. Both of the firms mentioned had signed the statement upon which these editorials were based and both of these gentlemen testified that the statement was prepared and brought to their firms to be signed by Busk & Daniels, agents of the Lamport and Holt Steamship Company, the controlling line in this South American monopoly. Mr. Purcell further testified that this line owed his firm \$28,000 in rebates at the time the signature of his firm was requested. A copy of this rebate agreement is published in those hearings, and an examination of it will show that the firm of Hard & Rand stood to lose this rebate unless they complied with the demand of the shipping company. Under the circumstances it is not astonishing that they signed this statement. After this statement was signed it was sent by the agents of the steamship company to the various newspapers throughout the country with a request that favorable editorial comment be made thereon and such request was accompanied by a *renewal of the advertising* of these companies in the particular paper addressed. All these facts appear in this testimony. If this magazine carried any advertising for foreign steamship lines I would warn it that the publication of this article would lose it such advertisements. At least that has

been the result that has followed the publication of some of my articles in other magazines.

It is true that your contributor gives what he calls a table of freight rates. Whether they are correct or false they prove but little or nothing. No one knows what secret agreements entered into these rates, or what the real contract was. Even if they are correct there is nothing more misleading than the isolated comparisons such as he gives. The freight rates charged by the great combination of foreign ships that completely dominates our trade not only from South America, but from this country to all parts of the world are like the ways of Providence, "past finding out." For instance, you can to-day send a ton of pottery from Germany to Denver cheaper than you can send a ton of that same pottery from Ohio to Denver, although it may be carried over the same railroad in the United States. You can to-day send a case of beer from Germany to Salt Lake City cheaper than you can send a case of beer from Cincinnati to Salt Lake City. You can to-day send a ton of steel from Pittsburgh to Yokohama cheaper than you can send one from Seattle to Yokohama, although both tons may be carried at the same time on the same ship. Here, three thousand miles of railway freight is obliterated. These are a few samples of the workings of the great foreign steamship combine that holds the prosperity of this country absolutely within its control. Such actions, however, prove nothing as to the fairness or the justness of the rates. What more graphic illustration of the absolute control of the South American trade by the foreign steamship combine could be given than the fact that last year, 1910, of the 901 entries of steam vessels in this country from South America 270 were in ballast. Think of this situation! So effectually does this monopoly control the trade that it not only fixes rates, but it is able to prevent more than one-fourth of the ships coming into our ports from South America from carrying a cargo at any price. This disgraceful and dangerous condition is not paralleled anywhere else in the world.

In the face of all these facts this nameless writer talks of low rates and ample facilities. It will be hard to convince the American people under existing conditions that the rates between here and South America are just or even reasonable. Monopoly does not spell justice or fairness or philanthropy to the American people.

To sum up. Between here and South America, to carry our great commerce amounting annually to more than \$288,000,000, we have no American ships. The American flag is but a memory in the ports of the great continent south of us. We have to depend entirely upon foreign ships. These foreign ships are slow, irregular and antiquated. Only one line attempts to give a regular schedule service. Our European competitors have fast, regular lines composed of modern ships. The rates on the inferior ships from here to South America are as high as the rates from here to Europe and from Europe to South America combined, although that distance is almost twice as great. These foreign steamship lines form an absolute monopoly that fixes freight rates at will. So completely do they control the situation that more than one-fourth of the vessels from South America that come to our ports arrive in ballast. The rates to-day between here and South America, as fixed by this combine of foreign ships, all things considered, are the highest in the world. This combine gives rebates and other privileges to favored shippers. It demands that its shippers shall not patronize any vessel outside of the combine on penalty of forfeiture of rebates and of refusal thereafter to accept any freight from such shipper. These vessels take from twenty-five to thirty days to go from New York to Buenos Aires; when it should be done in from fifteen to seventeen days. The mail is carried so irregularly as to be most destructive of business. And the passenger service! The best passenger ships in these lines sometimes have lemons on board for twenty-four hours after leaving port. Sometimes they even have the luxury of matches for the greater part of the voyage. Sometimes they have as high as one towel a day in the best state-rooms, and this unusual luxury can usually be obtained after 11.30 a. m. And then the extravagance of it,—they have sheets. It is true that they are short, but they are at least as wide as the berth. And then again these magnificent vessels in that frigid region are so constructed without insulation, and without ice, and without electric fans, that the first-class passengers in the best state-rooms can revel in the joy, not only of the heat of a tropical sun, but also in that furnished by the engine and boilers of the vessel. And you can secure all this comfort and luxury and pleasure at the same price that you can travel from here to Europe and from Europe to South America, although the distance

by that way is almost double. You can make the trip if you are lucky on one of these splendidly appointed vessels directly between here and South America almost as quickly as you make the trip by way of Europe from South America to this country. No wonder at the glowing encomiums of our nameless writer when you calmly and dispassionately contemplate these facts. And *mirabile dictu!* "It is all done without ship subsidy."

I cannot close this article without calling attention to one other statement made by this writer. He says:

"Is not our tariff 'in restraint of trade' with South America? Is not its 'spirit' to buy the least possible from a customer to whom we insist upon selling much?"

In this statement, as in his statements in regard to shipping facilities, he is unfortunate and oblivious of the facts. Do we do all the selling between here and South America? Is all the trade in our favor as he would have you believe? Look at these figures. During the year 1910 we bought from South America goods of the value of \$196,164,786. During that period we sold to South America \$92,525,218. Do these figures show that we want to sell everything and buy nothing? If the writer had searched the whole field of our foreign commerce he could not have found a more striking illustration to confound his own statements. And still more absurd is his insinuation when he says, "Is not our tariff in restraint of trade." Eighty-eight and one-half per cent of our imports from South America last year were on the free list. Certainly the tariff was not "in restraint of trade" so far as that portion of it was concerned. It seems almost as if your contributor had hunted for an absolute demonstration of the folly of his argument that our tariff is in restraint of trade when he selected South American commerce. Here, of all places, the free trader finds the least comfort. Here where our tariff is least we sell the least. Here where our free list is largest our exports are the smallest. With practically free trade with South America on our side she rewards us by selling much and buying little.

Let me repeat that if this anonymous writer had studied with care the entire commercial history of this country he could not have selected an illustration that so completely contradicts and discredits his statements as to the shipping conditions and the effect that our

tariff has upon our trade as the one he did select in using South America. Did he realize this was true and for fear that the facts would be told in answer wish to withhold his name, or has he been misled by the foreign interests that are antagonistic always to any efforts of the American people to increase our trade with South America? In any event, either by design or accident, he certainly showed his wisdom when he insisted that his communication be placed in the orphan class and without a guardian.

BOOK DEPARTMENT

NOTES

Alston, L. *Elements of Indian Taxation.* Pp. ix, 115. Price, 75 cents. New York: Macmillan Company, 1910.

This little volume is not only a thoroughly interesting monograph on the phases of public revenue in British India, but it is also a rather careful resumé of the general principles of taxation which form the basis of the English system. One of the most interesting features is perhaps the constant contrasting of Indian taxation with that of the parent government. In a prefatory chapter the principles of taxation in general are discussed with a clarity that is very welcome in these days of rather abstruse reasoning.

The author deals in concrete facts, and his descriptions are in the main clearly put, though he sometimes leaves the reader at a point where a little more detail would be desirable. On the whole,—an excellent monograph on a particular subject.

Avebury, Lord. *Marriage, Totemism and Religion.* Pp. ix, 243. Price, \$1.25. New York: Longmans, Green & Co., 1911.

Some forty years ago, the author of this book, then known as Sir John Lubbock wrote a volume on "The Origin of Civilization and the Primitive Condition of Man." Since that time our knowledge of these subjects has greatly widened, and now Lord Avebury, believing that his earlier conclusions have in the main been verified, writes this book as an answer to his critics. He, therefore takes up the various writers and seeks to estimate the worth of their contributions and criticisms—how successfully will depend on the viewpoint of the reader. From the nature of the case the volume will be of less interest to the general reader because so disjointed and critical; to the special student it will be of great interest.

Lord Avebury, thorough-going evolutionist, believes that in early times, even our most important social institutions did not exist, but came gradually into being. The present volume has six chapters: (1) On the Absence of Marriage Amongst the Lowest Races of Mankind; (2) On the Origin and Evolution of Marriage; (3) Totemism; (4) Witchcraft and Magic; (5) and (6) Religion.

Barrett, John. *The Pan-American Union—Peace, Friendship, Commerce.* Pp. 254. Washington, D. C.: Pan-American Union, 1911.

The director of the Pan-American Union, the Honorable John Barrett, has done a real service in bringing together in so small a volume the speeches delivered at the dedication of the new building, together with much additional valuable information concerning the part which the Latin-American countries have played in the movement for international peace and good-will. The work contains a list of the arbitrations to which the countries of America have been parties, and also a list of the arbitration treaties entered into by

the American republics. Through this publication the director of the Pan-American Union is carrying one step further the education of public opinion in the United States.

Bernard, L. Lee. *The Transmission to an Objective Standard of Social Control.* Pp. 96. Price, \$0.56. Chicago: University of Chicago Press, 1911.

Carter, C. E. *Great Britain and the Illinois Country, 1763-1774.* Pp. ix, 233. Price, \$1.50. Washington: American Historical Association, 1910. This volume was awarded by the American Historical Association the Justin Winsor Prize in American History in 1908. The monograph deals with the legal, political and economic relations between Great Britain and the Illinois Country during a period just prior to the Revolution. It embodies the results of the author's investigations in a field which only recently has attracted the attention of trained historical investigators. It is based not only upon the available published material, but in large part on manuscript sources found in the various archives of this country, Canada and England, and in consequence throws much new light upon this important subject. It is fully documented, being supplemented by numerous notes and an appendix. Particular note should be made of the excellent critical bibliography which supplements the work and which is one of the requirements of all essays submitted in competition for the prizes of the association.

Chapin, F. S. *Education and the Mores.* Pp. 106. New York: Longmans, Green & Co., 1911.

Drage, G. *The Imperial Organization of Trade.* Pp. xviii, 374. Price, \$3.50. New York: E. P. Dutton & Co., 1910.

Farrand, Max (Ed.). *The Records of the Federal Convention of 1787.* Three vols. Pp. xxv, 1958. Price, \$15.00. New Haven: Yale University Press, 1911.

Fenton, Frances. *The Influence of Newspaper Presentations upon the Growth of Crime and Other Anti-Social Activity.* Pp. 96. Price, \$0.56. Chicago: University of Chicago Press, 1911.

Forbes-Lindsay, C. H. *Panama and the Canal To-Day.* Pp. xiii, 433. Price, \$3.00. Boston: L. C. Page & Co., 1910.

This is an entertaining account of the canal enterprise as it stood in 1909. The volume gives a brief history of the unsuccessful efforts of the De Lesseps Company to build the canal; of the investigations made by the United States to decide whether to construct a Nicaragua or a Panama Canal; of the acquisition of the Panama route by the United States; and of the successful progress of the work since 1904. Over half of the book is concerned with the country and city of Panama,—with their history and present condition. The book may be read to advantage by those wishing a superficial knowledge of the country and the canal.

Garcia, G. (Ed.). *Documentos Para la Historia de Mexico—Paredes y Arrillaga*. Pp. 266. Mexico: Ch. Bouret, 1910.

In the thirty-second volume of documents illustrative of Mexican history, the papers of one of the revolutionary governors of the early 40's are published. These papers are particularly interesting because of the fact that they indicate the anarchical conditions that prevailed in that period. Sectional strife rent the country asunder and paved the way for the series of dictators who were welcomed by the property owners as the only possible escape from the terrors of war.

Garcia, G. (Ed.). *La Intervenci on Francesa en Mexico*. (Reprint of documents from the Archives of Field Marshal Bazaine.) Pp. 264. Mexico: Ch. Bouret, 1910.

Mr. Genaro Garcia has done a great service to students of Latin-American history in the publication of a series of volumes containing important documents relating to Mexican history. In the thirty-third volume which has appeared recently a selection has been made from the papers of Field Marshal Bazaine, the commander-in-chief of the French forces in Mexico during the intervention. These papers throw much light on the military aspects of the French invasion. Incidentally, Marshal Bazaine makes many interesting comments on the political conditions of the time.

Greenwood, A. *Juvenile Labour Exchanges*. Pp. xi, 112. Price, 1s. London: P. S. King & Son, 1911.

Hart, H. H. *Cottage and Congregate Institutions for Children*. Pp. xii, 136. Price, \$1.00. New York: Charities Publication Committee, 1910.

The author is director of the Department of Child Helping of the Russell Sage Foundation. This little volume is intended for the use of trustees and officers of institutions for children. There are four chapters: "How to Organize a Children's Institution"; "Plans for a Children's Cottage with Outdoor Sleeping Porches"; "A Study of Fifty Cottage and Congregate Institutions"; "Statistics of Cottage and Congregate Institutions." It will be found very helpful for the purpose.

Hart, H. H. (Ed.). *Juvenile Court Laws in the United States*. Pp. vii, 150. Price, \$1.50. New York: Charities Publication Committee, 1910.

In view of the fact that Dr. Hart wrote the first draft of the Illinois Juvenile Court Law, it is very appropriate that he should have had general oversight of the present book. There are three parts. In the first Thomas J. Homer summarizes existing laws in the different states. In the second Miss Grace Abbott tells of the powers, methods, etc., of the courts, and in the third is reprinted the Monroe County, New York, Juvenile Court Law of 1910, which is considered a model for cities of the second class. In view of the interest in such courts the information presented is timely and valuable.

Hirst, F. W. *The Stock Exchange*. Pp. 256. Price, 75 cents. New York: Henry Holt & Co., 1911.

This is a short study of investment and speculation with a chapter describing the London Stock Exchange, and a similar one on Wall street. The remaining chapters deal with the early history of banking and stock jobbing, London's foreign market and the foreign bourses, the art of investment, speculative securities, why prices rise and fall, and the creation of new debt and capital, with a final chapter on cautions and precautions. The last chapter is the best, especially in regard to the criticism of newspaper information.

Hollander, Jacob H. *David Ricardo—A Centenary Estimate*. Pp. 137, Baltimore: Johns Hopkins Press, 1910.

This estimate of the influence of the great English economist of the Classical School has been published on the hundredth anniversary of the issue of the "High Price of Bullion," the first formal contribution of Ricardo to economic writing. Professor Hollander treats in comprehensive and sympathetic manner the life, the work, and the influence of Ricardo, after he has shown "the background of affairs and thought against which that life and work are projected." The author reviews the agricultural ferment, the industrial expansion and the financial activity which characterized the period, as preliminary to his main theme. This publication is of the greatest interest to all students who desire to get at the foundations of economic science.

Husband, Joseph. *A Year in a Coal Mine*. Pp. 171. Price, \$1.10. Boston: Houghton, Mifflin Company, 1911.

The author, following his graduation from Harvard, entered one of the large bituminous coal mines of the middle west and spent a year to become acquainted with the actual work of coal mining. His first work was shoveling the coal into a car for which he was paid at the rate of twelve and a half cents a ton. His fellow workmen were almost entirely foreigners and the picture of their hopes and life plans is cleverly drawn.

The author seems to have crowded into this year a whole life story of a miner. One day the mine was working smoothly and gave up almost a record out-put. That night a fire broke out which it was impossible to check. The mine was sealed in the hope that, when the supply of oxygen was exhausted, the fire would be extinguished. Then follows the thrilling story of perilous descents down the air-shaft, the experiments to detect the presence of the deadly white-damp, the gradual reopening of the mine until the final explosion left but one person alive in the mine and he was rendered insane. Then is portrayed the harrowing picture of the scenes at the mouth of the mine, the search for the bodies, another fire in the workings and the permanent abandonment of the mine. It is not often that a man who is able to tell a story as clearly and vividly as this has crowded so many experiences into one year. It seems to be rather the life story of a mine than of a miner.

Hutchinson, Woods. *The Conquest of Consumption*. Pp. 138. Price, \$1.00. Boston: Houghton, Mifflin Company, 1910.

Dr. Hutchinson is an optimist in the fight against tuberculosis. In this little

volume, the first chapter of which is "A Message of Hope," he reveals the grounds of his optimism in a very interesting and concrete manner. In his opinion, knowledge of the tubercle-bacilli; their nature and habits, has made it possible to keep them out of our bodies by proper care. Furthermore, if some enter they do so at their peril if the body defenses are in good working order. The author makes very clear the need for keeping the bodily functions fit to combat enemies. He describes in detail the attack upon the invading bacilli and shows how the fighting is done mainly by "good food, fresh air, healthy houses, shorter hours, longer sleep, good wages, and more play"—all of which keep the body in good fighting trim. Thus the author devotes a chapter to each of the following topics: Sunlight, the Real Golden Touch; Food, the Greatest Foe of Consumption; Intelligent Idleness; The Camp and the Country; Cash and Consumption. The book is readable and presents in the author's usual striking manner, the conviction that tuberculosis is being conquered by science and common sense, worked out in public policy and individual effort.

Ilbert, C. P. *Parliament; Its History, Constitution and Practice.* Pp. 256. Price, 75 cents. New York: Henry Holt & Co., 1911.

For a generation Sir Courtenay Ilbert has acted as draftsman of the bills presented by the Cabinet to the English House of Commons. More than any other man he has had an opportunity to come in contact with the inside working of Parliament. All students of comparative government will find this sketch indispensable. It brings into small compass both historical development and present practice. Especially valuable for their contrast with our own haphazard methods of legislation are the chapters describing the legislative expedients adopted to protect the national purse from log rolling and extravagance in general and the discussion of the drafting of bills. The sketches of the relations of the houses, the cabinet and the development of true parliamentary responsibility are excellent. The controversy over the powers of the House of Lords is brought down to the election of December, 1910.

Lampe, W. E. *The Japanese Social Organization.* Pp. ix, 84. Price, \$0.50. Princeton: Princeton University Press.

Landa, M. J. *The Alien Problem and Its Remedy.* Pp. xv, 327. Price, 5s. London: P. S. King & Son, 1911.

It is most interesting at times to get side-lights on our own problems by seeing how other people react to similar situations. For the last fifteen years or so England has been agitated over the question of immigration. Exclusionists have risen to power and the public has heard all of the arguments, so familiar here, based on over-crowding, standard of living, crime, etc.

In this volume the author holds a brief for the immigrant and offers evidence to show his value to the country. He first gives a very good summary of the agitation for restriction. Then he takes up the various problems. It will interest Americans to discover that immigrants from America are most

prominent in the criminal records. The latter part of the book deals with the legislation enacted, its improvement and suggested reforms. It closes with an appeal for a broader attitude.

The book will be found of interest and value by all who are studying either English developments or our own problem of immigration.

MacIlwaine, S. W. *Medical Revolution*. Pp. xiii, 162. Price, 2s. 6d. London: P. S. King & Son, 1911.

Mussey, Henry R. (Ed.). *The Economic Position of Women*. Pp. 193. Price, \$1.50. New York: Columbia University Press, 1910.

A collection of papers by different authors discussing some of the proposed means of solution of the question of the economic position of women.

Mussey, H. R. (Ed.). *The Reform in the Currency*. Pp. 295. New York: Columbia University Press, 1911.

Papers constituting the proceedings of the Academy of Political Science in the City of New York, November 11 and 12, 1910.

Perris, G. H. *A Short History of War and Peace*. Pp. vi, 256. Price, 75 cents. New York: Henry Holt & Co., 1911.

It is the author's purpose in "limiting this essay to a consideration of certain fundamental principles of organic growth" to trace the history of war and peace through the ages and in conclusion to sum up the characteristics of the present situation. Selecting the salient features he leads us from the earliest societies through the great Asiatic and African river civilizations. The Greeks, the Jews and the Empire of Rome are passed in review; the reasons for the breakdown of feudalism and the exploration of lands beyond the seas are explained; for a time the adoption of the principle of the balance of power gives Europe a certain security until Napoleon as the exponent of the latent impulses in the hearts of the people destroys the whole fabric until at last we have a "new equilibrium" between the allies of Germany and those of Great Britain. In spite of the possibility of universal bankruptcy and the other evils which this system of armed peace carries in its train, four factors make for the organization of peace (pp. 227-252): First, "the advance in the quality and quantity of armaments"; second, "the establishment of an international credit economy"; third, "international organizations"; fourth, "the general tendency among Western nations towards an arrest of population."

The book is extremely interesting and instructive and contains the condensation of an immense amount of information in a small space and—what is rarer—in a very readable form.

Ralston, J. H. *International Arbitral Law and Procedure*. Pp. xix, 352. Price, \$2.00. Boston: Ginn & Co., 1910.

Richman, I. B. *California Under Spain and Mexico, 1535-1847*. Pp. xvi, 541. Price, \$4.00. Boston: Houghton, Mifflin Company, 1911.

Salley, A. S. (Ed.). *Narratives of Early Carolina, 1650-1708.* Pp. xi, 388.

Price, \$3.00. New York: Charles Scribner's Sons, 1911.

This is the eleventh volume to appear in the series of "Original Narratives of Early American History." The editor is the secretary of the Historical Commission of South Carolina. The plan followed in this, as in the preceding volumes, is to reproduce the original document faithfully, and to precede each paper with a brief introduction telling something of the author and giving an estimate of the historical importance of the document.

Among the seventeen "narratives" contained in the volume are "The Discovery of New Brittain, 1650," by Bland and others; Yeardley's "Narrative of Excursions into Carolina, 1654;" "A Relation of a Discovery by William Hilton, 1664;" "Carolina, Or a Description of the Present State of that Colony by Thomas Ashe, 1682;" "Party Tyranny, by Daniel De Foe, 1705;" and a long selection from "The History of the British Empire in America, by John Oldmixon, 1708." There are facsimile reproductions of Blome's "Map of Carolina, 1672," and of Crisp's "Plan of Charles Town, 1704."

Senator, H., and Kaminer, S. (Ed.). *Marriage and Disease.* Pp. ix, 452.

Price, \$2.50. New York: Paul B. Hoeber.

The twenty-seven chapters of this volume were contributed by some twenty German doctors, many of them being prominent men in their profession. The subjects covered are of wide range and of great importance. The result lacks unity, however. Some of the writers are posted in recent biology, others are not. Some of the sections are too general to be of any special value to the practitioner, but yet too technical for the general reader. The student who wants to know a little of the relation of insanity, alcoholism or various diseases to married life will get some valuable suggestions. The medical man will turn naturally to the larger volume of which this is an abridgment. The translator, J. Dulberg, of Manchester, England, has done his part very acceptably.

Shaw, Bernard. *The Commonsense of Municipal Trading.* Pp. xii, 120.

Price, 75 cents. New York: John Lane Company, 1911.

This little volume is one of a series issued by the Fabian Socialist Society of England, and deals very clearly and cleverly with the problem of, what in England is called, municipal trading and in the United States municipal industrial enterprise. It is not so much what Shaw says, as the way he says it that makes his monograph interesting. To a student of municipal trading there is little new in the way of argument or illustration, but as usual with Shaw, the arguments are carried to the extreme and even the most ardent opponent of municipal trading is forced to agree to the logic of the discussion. It is in short a rather sparsely written but emphatic endorsement of municipal trading, from the English standpoint.

Steiner, E. A. *Against the Current.* 2d ed. Pp. 230. Price, \$1.25. New York:

F. H. Revell Company, 1910.

Dr. Steiner may well be envied by authors for in his own life there seems

to be an inexhaustible supply of literary material. Writing in his own happy and humorous style he here tells the story—in disconnected fashion, to be sure, of his early life. Fascinating chapters they are. A Jewish boy in Hungary, in the midst of conflicting races and faiths, passing through the turmoil of varying standards and ideals to the larger life of manhood. Filled with a great breadth of sympathy for all men, the result perhaps of these very conditions of early life; inspired evidently by the marked insight of a wise mother; the author holds the reader with rare power. The book makes a strong appeal.

Taylor, F. W. *The Principles of Scientific Management.* Pp. 144. Price, \$1.50. New York: Harper & Brothers, 1911.

The appearance of this volume, written by the one generally recognized as the father of scientific management in business, is most timely. The book is, to a considerable extent, a restatement of the principles enunciated by its author in various magazine articles and contributions to scientific journals which have appeared in the past. The author, however, has taken advantage of this opportunity to bring these discussions down to date, and to introduce much material which he has not hitherto presented. The volume is evidently intended as a discussion of the theories of scientific management rather than a description of the methods by which these theories are to be applied in practice.

Taylor, F. W. *Shop Management.* Pp. 207. Price, \$1.50. New York: Harper & Brothers, 1911.

The appearance of a revised edition of this work as a companion to the author's "The Principles of Scientific Management," which has just come from the press, enables the student to secure a complete understanding of the "Taylor System" as it exists at the present time. The revised edition is practically identical with the first edition published in 1903, except that a number of illustrations have been added, drawn from the recent experience with the system, and some additional time-study data have been inserted.

Thomson, J. Arthur. *Darwinism and Human Life.* Pp. xii, 245. Price, \$1.50. New York: Henry Holt & Co., 1910.

In this volume the author, who is professor of Natural History in the University of Aberdeen, reproduces a series of lectures given in South Africa in 1909. Inasmuch as it was Darwin's centenary his work was taken as the center of the course. The result is not merely a great tribute to a great man but a volume of exceptional interest in itself. "What We Owe to Darwin;" "The Net of Life" (i. e., influence of environment on living beings); "The Struggle for Existence;" "The Raw Materials of Progress;" "Facts of Inheritance;" "Selection, Organic and Social," are the chapter headings and accurately indicate the scope of the book. Written in a most attractive style it is a splendid discussion of the development of our knowledge of nature's methods which will be read with zest by all wishing to know something of the process of evolution. I cannot commend it too highly.

Ward, G. H. B. *The Truth About Spain*. Pp. xiii, 292. Price, \$2.00. New York: Cassell & Co., Ltd., 1911.

We have long waited for a book about Spain which would adequately describe the actual conditions, political, social and economic. We must still wait. Mr. Ward's book is highly interesting summer reading. It describes the abuses which impress every visitor to the Peninsula, but there is no perspective. The material is fugitive and though it does tell the truth about the cases described, it does not tell the truth about Spain. It would be quite as unfair were an author to write about the United States from the background of a study of Tammany, the New York customs frauds and the conditions of travel and agriculture in our southern states. In his statement of fact there are few exaggerations but the relation of the facts in any particular case to the typical case is missed. For example, one who has England in mind can hardly castigate the Spanish farmer as a ne'er-do-well because Argentine and Russian wheat competes with the native product. Slow though Spanish freight trains be, it should not "be considered a marvel" if they seldom run "on an average twenty miles an hour"—at least one making that average speed in the United States would also be a marvel.

Taken as fugitive, illustrative material this is a good book. It portrays the abuses in education, customs, clerical establishment, "alternating ministries" and bossism in politics more clearly than any of the many recent discussions. For one who wants to learn about the abuses found in Spain to-day this is the book.

REVIEWS

Abbott, Lyman. *The Spirit of Democracy*. Pp. vi, 215. Price, \$1.25. Boston: Houghton, Mifflin Company, 1911.

In this volume, Dr. Abbott has published in a somewhat amplified and extended form the substance of a series of lectures which he delivered before the Brooklyn Institute of Arts and Sciences during the winter of 1909-10.

Inasmuch as a great variety of subjects are discussed in the twelve chapters which compose the book, it is not surprising that a considerable part of the material presented makes very "thin" reading. Especially is this true of the first five chapters which deal with "The Birth of Democracy," "The Tendency of Democracy," "The Pagan and Hebrew Ideals of the Family," and "The Evolution of Education." In the last-mentioned chapter the author, strange to say, since he is writing of Democracy, omits all mention of the very important part played by the working class in the establishment of the free public school system in the United States. The strongest parts of the book are found in those chapters devoted to "Present Conditions in Industry," "Political Socialism," and "Industrial Democracy." In fact, so strong and radical is their tone that the reader is constrained to turn back to the title page to see if it really is the editor of "The Outlook" who is responsible for them. Dr. Abbott does not mince his words at any point of the discussion.

The author condemns the wages system in no uncertain terms: First, because it has divided society into two fairly distinct classes, the employing and the employed; second, because it has made possible the concentration of wealth; and third, because it has aided in the creation of a pauper and a criminal class. In replying to the question "Is there any remedy for existing evils?" he boldly asserts that he does not believe "that either regulation or gradual moral reform or charity will set the world right." "I do not believe," he continues, "that the evils of our present industrial system will be cured by anything less than a radical change—though it may be, and I think it will be, a gradual one." The reader feels that Dr. Abbott is about to declare for Socialism and is somewhat surprised, unless he knows the author from his past works, to find that instead of Socialism he merely proposes that indefinite sort of hybrid of all reforms and Trade Unionism commonly known as "Industrial Democracy." What is meant by this is more definitely expressed by his desire "to see a state of society in which there will be few or no capitalists who do not have to labor, and few or no laborers who are compelled to remain all their lives without becoming capitalists, a state of society in which no man will live on the fruits of another man's labor, and no man will be denied the fruits of his own labor." As co-operating movements towards this goal he enumerates "conservation, the single tax, the growth of corporations, the beginnings of profit-sharing through stockholding, the development of the industrial virtues—thrift and temperance—and of industrial intelligence and the growth of labor unions."

Socialism is condemned by Dr. Abbott, not because it "is an impossible ideal," for he holds that all true ideals are possible, but because it is no ideal at all. He brands it as being opposed to industrial and individual liberty, and destined, if ever tried, to prove injurious and unjust to all concerned, an industrial servitude to a new master, the State.

The volume is written in Dr. Abbott's inimitable style, direct and very much to the point. However, with the exception of the three vigorously written chapters, as above noted, it contains little that merits comment. It is difficult, very difficult, in this day and time in discussing Democracy, to say anything new or to say anything very much worth while that has not already been said many times in as many different ways.

IRA B. CROSS.

Stanford University.

Alvarez, Alexandre. *Le Droit International American.* Pp. 386. Paris: A. Pedone, 1910.

Professor Alvarez, formerly of the University of Chile, presents a review of American international law which is sure to arouse much interest especially in the United States. His point of view is Latin-American and the discussions on that account treat the subject from an angle different from that to which we are accustomed.

Publicists, it is asserted have overlooked or underestimated the impor-

tance of America as an element in the development of international law. This is especially the case on the continent where the idea of a code of international law bearing equally upon all nations and upon all parts of the earth has gotten the ascendancy in the public mind. The true point of view is one more nearly approaching that of the Anglo-Americans who look upon international law as a body of rules based on practice rather than theory—something which must therefore be flexible to allow it to fit the needs of the various countries and regions of the world.

If this thesis be true there is ground for the study of those peculiar factors which have made America important in the history of international law. Chief among these new influences the author discusses are the different points of view which developed in Europe as to the relations of colony and mother country, the effect of the development of the American colonial systems upon European politics and international relations, the causes of the emancipation of the American—especially the Latin-American states, the entry of America into the community of states; its influence on the balance of power in Europe and the influence of the example of the United States upon the states of Latin-America.

We too often consider American history—at least American history since 1775 as synonymous with the history of the United States. How partial such a view is, is well brought out in the discussion of the various efforts for united action among the Latin-American states from the Panama Congress to the Pan-American Congresses, the boundary disputes, arbitrations, civil wars, wars between Latin-American nations and with European countries. All these furnished the basis from which that mass of precedents is drawn which forms American international law. Most important of all of course is the Monroe Doctrine which the author characterizes as the basis of American international law. He believes it is a doctrine not confined to the United States but one whose principles all western states uphold. Many of its elaborations which declare the United States to have the hegemony of the Americas are repudiated. These are merely declarations of policy by the United States and form no part of American international law. This latter portion of the book is the most valuable for students in the United States. It gives an outside, critical but sympathetic interpretation of a doctrine which is fundamental in our foreign policy.

CHESTER LLOYD JONES.

University of Wisconsin.

Brown, David W. *The Commercial Power of Congress.* Pp. ix, 284.
New York: G. P. Putnam's Sons, 1910.

This is a scholarly presentation not only of the origin and original meaning of the commerce clause of the United States Constitution, but of the facts proving that the framers of the Constitution intended to establish a strong national government. The author points out that the large majority of the members of the constitutional convention were thorough-going nationalists. They represented the conservative moneyed classes; they were much alarmed

by Shays' rebellion and the other disorders that shortly preceded the convention in Philadelphia. These events caused such advocates of state rights as Richard Henry Lee, Elbridge Gerry and Charles Pinckney to "favor the erection of a central authority independent of the states and vested with great powers."

The first three chapters of the book recount the efforts made before 1786, in Congress and out, to give Congress greater power over commerce; then follows a very suggestive chapter upon the influence which the development of the West had upon the sentiment of the country in favor of a larger national power over commerce. The work of the Annapolis convention is briefly described and the work of the constitutional convention is considered with special reference to the development and formulation of the commerce clause. The struggle in the states for the adoption of the Constitution, with this clause included, is briefly told. There is a chapter upon the first tariff bill and the incorporation of the first bank of the United States; this is followed by a discussion of the records of commercial legislation in Washington's second administration, and an account of the non-importation and embargo laws for which Jefferson was responsible. The volume closes with a discussion of the effects of the decision of the United States Supreme Court in *M'Culloch vs. Maryland*, 1819, and *Gibbons vs. Ogden*, 1824. The significance of these early decisions of the Supreme Court is pointed out by referring to the recent decisions that have greatly widened the scope of the commerce clause. There are two appendices to the volume, the first one containing an essay upon the power of Congress to construct, or authorize the construction of, internal improvements; the second appendix reviews the power of Congress to levy protective tariffs.

EMORY R. JOHNSON.

Bruce, Charles. *The Broad Stone of Empire*. Two vols. Pp. xlii, 1066. Price, \$9.00. New York: Macmillan Company, 1910.

Sir Charles Bruce, after nearly forty years spent in colonial administration, has devoted his later years to correlating and summarizing the results of such experience and now presents in book form his numerous papers and addresses, so remodeled and amplified as to constitute a general survey. Regretting with Lord Milner, "the plentiful lack of thought devoted to even the biggest problems of our Empire, and especially to the biggest problem of our Crown Colonies," the book is presented as "a contribution to a thorough study of the administration of our tropical dependencies—our Crown Colonies and Places." No attempt is made to discuss conditions either in the self-governing colonies, called dominions by the author, or in India; attention is centered exclusively upon the Crown Colonies, most of which are tropical. Having variously served his country in Mauritius, Ceylon, the Windward Islands, and British Guiana, the writer is prepared to speak with authority upon the problems of Crown Colonies, which he summarizes as "problems of an appropriate form of government, appropriate laws, an appropriate population, appropriate methods of development, appropriate fiscal

systems, and an appropriate scheme of defense." The leading topics discussed are the Colonial Office; local self-government; labor, health, and disease; education; the conservation of resources; fiscal systems; and defense. Each is treated both with reference to peculiar conditions in individual colonies and to determining how far common custom may be applied to all the colonies.

In a chapter on "Our Colonial Policy" Sir Charles lays bare the many mistakes and the general inefficiency of the Colonial Office in the early years of English colonization. "Of an organized system of emigration, neither the Colonial Office nor the community had the slightest conception." "The ultimate success of the art of colonization was directly due to the Colonization Society." In this society, organized in 1830, originated a system of colonization since "embodied in our imperial policy" and vigorously advocated by Charles Buller in parliament. Buller declared that the portals of the Colonial Office should bear the inscription *All hope abandon ye who enter here*, and Gibbon Wakefield later maintained, after New Zealand and South Australia had been successfully colonized under the new system, that these colonies had been formed "in spite of the most formidable opposition from the Colonial Branch of the Government of the British Empire."

For the American student the work performs a valuable service in presenting a broad view of British tropical dependencies, with their problems, and the author's theory of the principles to be followed in administration. The title used, *The Broad Stone of Empire*, is meant to indicate one of these principles. Quoting Alexander Hamilton to the effect that civil liberty is the greatest of terrestrial blessings, and that it cannot ultimately be denied to any portion of the human race, Sir Charles Bruce states that he accepts this declaration "as the only foundation upon which the superstructure of Empire can securely rest." His work becomes then a study of basic political principles and of the extent to which they can be applied, as determined by policy and expediency, in the various tropical dependencies.

EPHRAIM D. ADAMS.

Stanford University.

Chiral, V. *Indian Unrest*. Pp. xvi, 371. Price, \$2.00. New York: Macmillan Company, 1910.

India is so markedly the center of English imperialistic thought that anything which tends to loosen the bonds between the dependency and the mother country is sure to arouse unusual interest and anxiety in England. Mr. Chiral's analysis, originally appearing as a series of articles in the *Times* is from its thoroughness one which the English public and all those interested in World Politics will find particularly welcome.

The criticism of Indian conditions covers practically all sections of the country from the Punjab and Calcutta to the extreme south. There is a command of detail in describing the regional, social and racial unrests which makes the facts presented convincing. The dissatisfaction of India rests largely on factional or local reasons. There is no unity among the various groups except in their prejudice against government. For the time being

with the increased power granted to the Indian constitutional reformers and the severe measures for the repression of lawlessness, there has come a lull in the storm which may be semi-permanent unless foreign complications arise to fan the flame of disaffection again. Fortunately this for the present seems unlikely due to the Persian agreement with Russia, though Cabul and Thibet still are quarters from which trouble may come.

But after all, the quiet which now seems about to settle over the country cannot be permanent. India has assumed but not assimilated western ideas. Many whose positions will be threatened by modern thought will always be a party of opposition if not of revolt. Education, intellectual rather than industrial has aroused in the native ambitions which cannot be gratified at least not until economic conditions are revolutionized,—and even this is a circumstance that must bring untold suffering before the transformation will be completed. The example of Japan in the east and the exclusion of the Asiatics from South Africa tend to arouse nationalist ambitions and to embitter the people against England. Reactionary Brahmanism and half-baked western education, contrasted in everything else are both anti-English. All these conflicting influences and many more it is the task of the Englishman to reconcile. Unfortunately this cannot be done by the grant of self-government—the safety valve which diverts criticism in the white colonies. Such action would be not only against English prejudices but would deliver power in India into the hands of the strongest and mark the return of the anarchy which it is the main object of England to avoid.

The first third of the book dealing with the details of the riots, murders, and general unrest in the various sections of the country is of decidedly less interest than the latter portion dealing with the real constructive work which England is doing and the problems which face her in attempting to improve conditions at present unsatisfactory to all concerned.

CHESTER LLOYD JONES.

University of Wisconsin.

Collier, Price. *The West in the East from an American Point of View.* Pp. ix, 534. Price, \$1.50. New York: Charles Scribner's Sons, 1911.

Anyone who has read Mr. Collier's *England and the English* will expect this book to be interesting and in parts disquieting. The first portion of the book seems like a middle term between the alarmist writings of Homer Lea, and the pacific prophesies of Mr. Stead. Mr. Collier declares, with an exasperatingly clever array of statistics that the Anglo-Saxons must face inevitable conflicts with Germany and Japan at least. Both countries must expand. Traditional foreign policy and economics show that expansion of the sort which these countries will expect cannot be peaceful. English self satisfaction in foreign affairs is especially subject to reprimand.

The point of view of the first chapters shows the tone of the book. We are led through India, China, Japan and Korea and though Mr. Collier seldom takes us far from the beaten track of tourists he sees more than the average traveller and he has a remarkable, though one feels at times an overstrained

facility in correlating what he sees with the problems of world politics. The households of English officials in India, quick climatic changes, class hatreds and a host of present day impressions are followed by a brief review of India under the Great Mogul and the transfer of control to "John Company." Incidentally the usual criticism is made of the English administration—it is unsympathetic and slow to move. The next third of the book is given to light but interesting chapters of comment on the daily life of the westerner in the far east, the foibles of the native princes, who are cleverly pictured as counterparts of our own over-rich, the street life of Calcutta and a good popular discussion—the best chapter in the book—showing the part played in the east by the Chinese who have left China.

Japan, Korea, and Manchuria are given only a hundred pages all told and little is added to what has been told by many writers before. The conclusion brings us round again to the author's main contention: our relations with foreign countries are changing. This is true of the east as well as of the west. Heretofore we have been free to act as we pleased with eastern peoples. Hereafter we must find them worthy competitors in commerce always and possibly in war.

CHESTER LLOYD JONES.

University of Wisconsin.

De Quiros, C. B. *Modern Theories of Criminality.* Pp. xxvii, 249. Price, \$4.00. Boston: Little, Brown & Co., 1911.

This volume appears first in the list of books selected for translation and publication by the American Institute of Criminal Law and Criminology. It was written by Señor de Quiros in 1898 and revised ten years later. The translation is made from the edition of 1908.

The title, *Modern Theories of Criminality*, does not describe accurately the contents of the work since a third of the volume is devoted to criminal law and penitentiary science.

As to origins, the author finds that the real forces which have transformed the pseudo-sciences of physiognomy and phrenology into criminology have been psychiatry and statistics. Even without the "great innovators" Lombroso, Ferri, and Garofolo, these methods of research would have produced ultimately a scientific criminology.

The volume is divided into three chapters, better called parts. The first of these is devoted to the origins and development of criminology. The leading theories treated are: I. Anthropological: (1) Atavistic Theories, (2) Theories of Degeneration, (3) Pathologic Theories. II. Sociologic Theories: (1) Anthro-Sociologic, (2) Social Theories, (3) Socialistic Theories. The statement of the various theories is somewhat fragmentary and in the effort to trace back all theories to their original authors the clearness of restatement by later students has largely been sacrificed.

In Part II, the origins, tendencies and applications of criminal law and penitentiary science are discussed. In this field three distinct tendencies are traced, (1) The Traditional, opposing crime only by means of punishment,

(2) The Reformistic, where a "double-entry" penology is planned, advocating the traditional penal measures, only with a repressive aim, and urging preventive measures in accordance with the teachings of modern criminology, and (3) The Radical where the preventive side only is developed. Responsibility and delinquency are elaborately treated.

Part III returns to the field of Criminology and deals with the Scientific Investigation of Crime and methods of identifying criminals as Anthropometry, Dactyloscopy, the Word Portrait, etc.

The author has given us a source book of European Criminology with special application to Spain and Spanish-America. At the absence of American names in the list of contributors to the science of Criminology we have no reason to complain but scant justice seems to have been done to American scholarship in the field of penology.

The volume enriches our literature of criminology and all criminalists owe a debt of gratitude to the American Institute of Criminal Law and Criminology for making the work accessible to exclusively English readers.

J. P. LICHTENBERGER.

University of Pennsylvania.

Documentary History of American Industrial Society. Edited by John R. Commons, Ulrich B. Phillips, Eugene A. Gilmore, Helen L. Sumner and John B. Andrews. Prepared under the auspices of the American Bureau of Industrial Research, with the co-operation of the Carnegie Institution of Washington. Volumes VII, VIII, IX and X. Pp. 1458. Price, complete set, \$50. Cleveland, Ohio: Arthur H. Clark Company, 1910 and 1911.

The first six volumes of the "Documentary History of American Industrial Society" were reviewed at length in the September, 1910, issue of THE ANNALS. The scope of the entire work was described and an account was given of the origin of the History and of the manner in which it had been prepared. It will accordingly be possible to make this notice of the last four volumes comparatively brief.

Volumes VII and VIII contain documents for the period 1840 to 1860. These two volumes are prefaced by an introduction twenty-six pages in length, written by Professor Commons. This introductory paper is a reprint of Professor Commons' article on "Horace Greeley and the Working Class Origins of the Republican Party," previously published in the "Political Science Quarterly" (Vol. XXIV). It is somewhat difficult to believe that the history of the labor movement from 1840 to 1860 centered so largely about the person and activity of Horace Greeley as Professor Commons' introduction would indicate. One cannot avoid the suspicion that the author became so interested in Horace Greeley's work as to have acquired a somewhat faulty perspective of the events of the twenty-year period. However this may be, Professor Commons' analysis of Horace Greeley's influence and of the economic phases of the political events of the twenty years following 1840 is admirably presented.

Volumes IX and X contain documents relating to the years 1860 to 1880. The introduction to these two volumes was written jointly by Professor Commons and Mr. Andrews. The authors have a clear conception of the relative importance of the events of this period, and this introduction of thirty-two pages must be highly appreciated by every student of the complicated questions to which the general name "labor movement" is applied. These were the twenty years during which the present industrial processes were being adopted and during which the present-day economic and social philosophy was being formulated. The documents contained in these volumes must be read by everyone who would understand the labor movement of to-day.

The editors and publishers are to be congratulated upon the successful completion of this highly important work. Professor Commons and his associates have given an immense amount of time and effort to the collection, transcription and publication of rare and almost inaccessible material. These volumes provide a foundation upon which may be constructed an interpretative history of the labor movement in the United States.

EMORY R. JOHNSON.

Duncan, John C. *The Principles of Industrial Management.* Pp. xviii, 323. Price, \$2.00. New York: D. Appleton & Co., 1911.

The purpose of the book, as stated in the preface, is to give a scientific treatment of industrial management suited for a text-book in schools and colleges. The work is divided into three parts: the first dealing with the economic environment; the second with the equipment of the plant, and the third with its organization and management.

The first part of the volume presents the problems which confront the manufacturer in determining upon the selection of his plant location. It outlines the theory of plant location, pictures the ideal situation and upon this basis endeavors to show the relative weight which should be attached to the various factors entering into the calculation.

The second portion of the book is given over largely to the factors determining plant layout, the differences which various types of industries introduce into plant structure; the importance of fire precaution in factory layout and structure; the value of providing attractive quarters for workers and the power problem.

The discussion of organization and management in part three centers about the various types of organization, the influence of different classes of labor upon organization; the systems of wage payment; the records of employees; time recording systems; raw materials, finished product and equipment accounting.

Covering such a wide field, it is obviously impossible for the author to make a minute study of any particular portion of the subject. As a text-book for schools and colleges it is an acceptable work, which will, no doubt, be gladly received by the teaching profession. Dr. Duncan's discussion of

the subject is illustrated by a multitude of references to the experience of the largest plants in the country.

THOMAS CONWAY, JR.

Essays in American History. Dedicated to Frederick Jackson Turner. Pp. vii, 293. Price, \$1.50. New York: Henry Holt & Co., 1910.

This volume of essays is in the nature of a *Festschrift*, being a tribute offered during the recent winter to "Frederick Jackson Turner, teacher, scholar and friend," on the occasion of his presidency of the American Historical Association by several of his former students.

The ten contributors, who are all now college teachers, represent that considerable body of those, "who as students have felt the stimulus of Professor Turner's personality and who under his guidance have learned the method of the craft." Professor G. S. Ford in his felicitous introduction points out that this form of a testimonial was chosen as the more fitting one, as "it preserves and transmits that part of a scholar's work, which is hard-est to measure and record—his power to kindle his spirit and his love of scholarship in other men."

Of the ten essays more than half, as might naturally be expected from those who had been privileged to follow the inspiring lectures of the "Historian of the West," deal with different phases of western history. These are contributed by Professors Mathews, Schafer, James, Becker, Hockett and Buck, and their subjects vary from the "Activities of the Congregational Church West of the Mississippi" and "Problems of the Northwest in 1779" to the "Independent Parties in the Western States, 1873-1876." Of the remaining essays, two by Professors Ambler and Phillips, deal with certain phases of Southern political history, and the last two by Professors Robertson and Reinsch relate to South American diplomacy and history.

All save one of the essays are fully documented, the statements of the text are substantiated by a wealth of notes and citation, and present in readable and scholarly form the results of extended research upon the chosen themes. The one unique contribution is the exceedingly brilliant essay by Professor C. L. Becker, simply entitled "Kansas." This is an essay rather than a historical narration, an interpretation of the spirit and determination that actuated the pioneers and settlers of Kansas, a presentation of the ideals and an explanation of the enthusiasm that characterizes its present citizens. There is a rare charm, quiet humor and fine literary quality that lend unusual interest and distinction to this paper.

To the student of party history, Mr. H. C. Hockett's interesting contribution on "Federation and the West," and Dr. U. B. Phillips' illuminating and scholarly review of "The Southern Whigs" will make an especial appeal; while to one interested in diplomacy, Professor Schafer's paper on "Oregon Pioneers and American Diplomacy," and Dr. Robertson's "Beginnings of Spanish-American Diplomacy" will be of decided value. Professor Reinsch, the well-known writer on world politics, contributes some valuable suggestions in his "Notes on the Study of South American History." Limitations

of space forbid further detailed comments. Suffice it to say we heartily indorse the opinion of the Editor that these essays are "each a permanent contribution either in substance, point of view, or interpretation, to the literature of American history," and a worthy tribute to the inspired and inspiring scholar in whose honor they have been published.

HERMAN V. AMES.

University of Pennsylvania.

Fairchild, Henry P. *Greek Immigration to the United States.* Pp. xvii, 278.

Price, \$2.00. New Haven: Yale University Press, 1911.

This monograph is a valuable addition to the rapidly growing volume of literature on immigration. Greek immigration to the United States in numbers sufficient to attract attention did not occur until about 1900. The first year in which the figures reached 10,000 was 1903. In 1907 the number reached 46,283. A decrease followed the panic of 1907 but the tide has again turned, the arrivals last year (1910) numbering 41,172. The author estimates the number of Greeks in the United States in 1910 to be approximately 185,000.

The work is an effort to describe this important element of our new fellow citizens. It is divided into three parts. Part I is devoted to conditions, causes and sources of Greek emigration. The physical environment is described with its effect on the history and national character of the Greeks. The direct causes of emigration are carefully investigated and the effects of changes in Greek industries are noted. This portion of the work is exceptionally clear and enlightening.

Part II deals with the Greeks in the United States. An analysis of the statistical tables presented in the appendix is followed by a description of Greek colonies in the United States and a detailed study of the economic and social condition of the immigrants.

Part III traces the effects of Greek immigration (1) on the immigrant; (2) on Greece, and (3) on the United States. It is too early to be sure what the ultimate effect will be on the United States, but the effect on Greece is very perceptible and considered on the whole advantageous. The balance of trade in favor of Greece is traced to immigration and is viewed with favor by Greek statesmen while the drain made by the annual exodus of approximately 30,000 of the most virile and productive male citizens upon a total population of little more than 2,600,000 cannot but be viewed with alarm.

The book is well written; is clear, concise and readable, and reflects credit upon the scholarly training afforded by the university (Yale) for which it was written as a doctor's dissertation.

J. P. LICHTENBERGER.

University of Pennsylvania.

Ferrero, Gina L. *Criminal Man*, According to the Classification of Cesare Lombroso. Pp. x, 322. Price, \$2.00. New York: G. P. Putnam's Sons, 1911.

American students of criminology will welcome this concise summary of
(656)

Cesare Lombroso's three-volume work, "The Criminal Man," by his daughter, Gina Lombroso Ferrero, who was the collaborator of her father in all his work. This volume is not a translation of excerpts, but an original interpretation. The introduction was written by Prof. Lombroso and was the last literary work performed by this gifted student and author.

Mrs. Ferrero in her interpretation follows the general outline of her father's treatment of the subject. The born criminal is an atavistic being, "a relic of a vanished race," who reproduces the traits of lower animals and savages in the midst of civilization. The insane criminal is simply the mentally defective whose conduct, unregulated by moral choice or incentive, becomes dangerous or anti-social. In both these groups criminality is the normal conduct of the abnormal man. The criminaloid class, which was differentiated later by Enrico Ferri into the criminal by occasion and passion, is the product of environment rather than heredity.

Some new material is added in the second portion of the book dealing with crime, its origin, cause and cure. The following is an admirable summary of modern penological science.

"The modern school aims at preventing the formation of criminals, not punishing them, or failing prevention, at effecting their cure; and failing cure, at segregating such hopeless cases for life in suitable institutes, which shall protect society better than the present system of imprisonment, but be entirely free from the infamy attaching to the prison."

A brief survey of American institutions visited by the author indicates how the people of the United States are attempting to utilize in practice the principles of scientific penology. It is perhaps unfortunate that this survey did not include more of our representative institutions.

After a chapter on methods of measuring criminals and another on practical results in the use of anthropometry in determining the guilt or innocence of the accused the book concludes with a valuable appendix in which are given brief analytical reviews of the complete works of Lombroso.

J. P. LICHTENBERGER.

University of Pennsylvania.

Fitch, John A. *The Steel Workers.* Pp. xiii, 380. Price, \$1.50. New York: Charities Publication Committee, 1910.

Byington, Margaret F. *Homestead, the Household of a Mill Town.* Pp. xv, 292. Price, \$1.50. New York: Charities Publication Committee, 1910.

The two latest volumes in the Survey Series deals with different phases of the same topic, the life of the steel worker,—*"The Steel Workers"* covering the working life, and *"Homestead"* covering the domestic life of the men who are making Pittsburgh wealthy and famous. Most of the material in both volumes has already been published in the Pittsburgh Survey (1909). Numerous pictures, some additional statistical tables, and a considerable increase in the amount of letter press would hardly seem to justify the publication of two such bulky volumes as those now under review. The

reader of the Pittsburgh Survey leaves these two books with a feeling of regret that they should have failed so signally to increase the sum total of knowledge which was contained in the original Pittsburgh Survey.

"The Steel Workers" analyzes intensively the work of steel making, the struggle which has been waged during the past three decades between the unions and the employers, the working conditions which have prevailed since the overthrow of trade unions in the great strike of 1892, and the spirit of the mill towns as reflected in their citizenship. The discussions are thorough and incisive, as the author shows a remarkable grasp of the subject of steel making as well as of the lives of men. The appendices combine a large amount of material valuable to the student of unions and strikes.

In "Homestead" the author has stated in detail the wages of ninety workingmen's families, discussing rent, food, and the various other expenditures, and showing their relation to wages and the cost of living. The whole study is divided on a nationality basis, the first half being devoted to the English-speaking households, and the second half to the households of the Slavs. In this volume again the appendices contain some valuable material for the statistician or the social worker interested in the collection of cost of living statistics.

The material originally appearing in the Pittsburgh Survey was of the highest quality, and representing, as it did, the most far-reaching and thorough investigation ever made into the work and lives of an American community, it aroused nation-wide interest. Both the social workers and the general public will feel a keen regret that four years have elapsed between the collection of this data and its final publication in book form. Social facts to be of value must be used when collected since they depreciate with alarming rapidity.

SCOTT NEARING.

University of Pennsylvania.

Fite, W. *Individualism*. Pp. xix, 301. Price, \$1.80. New York: Longmans, Green & Co., 1911.

The Sociologists have insisted all along that social order is remarkable and needs explaining. They have declared that the ingenuity of the great thinkers of every age has been given to working out the philosophies, dogmas, codes, standards, ideals, and institutions, by which is achieved such imperfect social harmony as we see. But for fifteen years the psychologists like James, Dewey, Royce, and Baldwin have made the sociologists, with their study of punishments and laws and magistracies and other restraining institutions, look rather ridiculous. According to them, the altruistic and disinterested is so much a part of human nature that social order is in no need of explaining. Social control is superfluous, for harmony comes about of itself. Now comes Professor Fite in a virile, close-reasoned, pungent book, and shows that the individual remains everlastingly distinct, and evinces no tendency to sink his life in that of others or of the group.

Professor Fite agrees with Socrates that virtue is knowledge, that all who clearly know the right do it, and therefore with him, the social man differs from the anti-social man only in point of intelligence. Criminal and good citizen are equally individualistic, but they differ in the degree to which they are conscious of their purposes and of the relations of other men to these purposes. All moral differences hinge on intelligence, and the selfish man is simply the *inconsiderate* man, not he who thinks too much of himself but he who *thinks too little* of others. As a champion of individualism, the author does not derive individual rights from the recognition or support of society, but from a man's own nature. He reaffirms "natural rights" and upholds a man's right to get "whatever he wants intelligently." By that saving word "intelligently" he avoids having to justify the hoggishness of monopolist or grafter, and really slips in the idea of what is "reasonable," i. e., compatible with the social welfare.

The author is most helpful in showing the futility of schemes of social reconstruction predicated upon the growth of brotherly love. He is right in insisting that the better social order is not to be achieved merely by denouncing or denying or blunting individual self-assertion in the name of a transcendent social interest, but by "an intelligent analysis of individual interests, and a scientific discovery and invention of methods of co-ordination." How true this is will be realized by anyone who has had experience in constructive social reform or legislation. Not "renunciation of individual interests" but the adjusting of them "in mutual satisfaction and freedom" is the path to social peace. The social good that will be attained through a more intelligent and comprehensive organization than we now possess will be not "a common good," but "a mutual and distributive good." The vague goal of "a common good" is held out simply because the principles have not yet been thought out on which the good achieved through co-operation will be distributed to individuals in the coming generation.

On the other hand, we cannot for a moment accept *in toto* the author's psychology. Human beings are not so sharply and persistently distinct in their consciousness as he assumes. At times one's self-thought becomes faint, and one enters into the existence of other people, even of animals, trees, and heirlooms. Again, his theory obliges him to deny the possibility of that rare love which exacts nothing from the beloved, not even recognition. He invites us to regard society as a relation of conscious beings quite out of space, geographic relation, and the struggle for existence. We sociologists will continue trying to explain reality instead of speculating on the social life of perfectly self-conscious individualities, free from instinct, passion, habit, custom, conventionality, and other things which film the eye of intelligence.

The book is a blast of relentless logic, clear thinking and manly feeling into a department of philosophy that has become of late rather stuffy.

EDWARD ALSWORTH ROSS.

University of Wisconsin.

Gibbon, I. G. *Unemployment Insurance*. Pp. xvii, 381. Price, 6s. London: P. S. King & Son, 1911.

The present volume, with its detailed analysis of unemployment, and of the operation of unemployment insurance schemes in the various European states, throws considerably less light on the problem than the many books which have preceded it.

Unemployment insurance is of two kinds, compulsory and voluntary. The former has been tried in only a few cases, and with very questionable success, while voluntary insurance, on the other hand, is much more widely extended, although its success is scarcely more noticeable. On the whole, therefore, at the present writing, the net result of unemployment insurance has been anything but satisfactory from the standpoint of the unemployed and of the state administering the insurance. In summing up the results of his study, the author concludes that some form of insurance against unemployment should be issued; that the community should assist financially; that the insurance should be so given as to encourage self help; that the system should be administered from a central agency; that the system should not be compulsory; that voluntary, private organizations should be used as a means for administering the unemployment benefits; that subsidies should be paid in proportion to benefit, and that the machine for administering the unemployment system should be in the hands of a committee of experts.

While the author's subject is one of paramount importance, his treatment of the material is defective. Not only is his compilation of data careless, but he has succeeded in creating a work which makes neither good popular reading nor scientific reference material. The book will appeal neither to the socially minded member of the community nor to the student of the unemployment problem.

SCOTT NEARING.

University of Pennsylvania.

Hall, G. Stanley. *Educational Problems*. Vols. I and II. Pp. xix, 1424. Price, \$7.50. New York: D. Appleton & Co., 1911.

This work does for the pre-adolescent years of elementary schooling what the earlier "Adolescence" did in the field of secondary education; that is, it examines all the chief activities of the school from the standpoint of the biological and psychological individual. The volumes are as remarkable for what they omit as for what they contain. One would hardly know, except from remote implications, that we live in a social world at all. Everything is biology and psychology; man as a social and economic creature has scant recognition. However, a work must be judged by what it contains, not by what it omits.

The most impressive aspect of these volumes is that they summarize the efforts not only of one mind, but of many minds, for many years. The author says: "For twenty-five years I have lectured Saturday mornings to teachers and to students upon education, and this book is the final revision of parts of this course up to date, ending February, 1911." Clark University

has the unique position of being the only American university in which the primary interest of president, faculty, and graduate students has been education. The "Pedagogical Seminary" has been their organ of publication, and the present books reflect the total activity. One way in which this academic team-work is shown is the citations to literature, domestic and foreign. Instead of giving a bibliography of names, we have extended abstracts of what the books contain. This feature is especially significant, for what we get is not a card catalogue, but the contents of a library.

One finds everywhere abundant evidences of the author's well-known virility of thought, his fluency and aptness of expression, as well as his equally well-known tendency to use words not found in the dictionary.

Few of the ideas advanced will strike the older readers of President Hall as novel, for the work is rather a summary of old thoughts than an exposition of new positions. Thus, the articles on sex have the familiar intimacy of a medical treatise as usual. The chapter on the Kindergarten makes the usual vigorous protest against the crystalization of the pedagogical notions of Froebel into a religious cult, with its ritual and sacred mysteries. That admirable classic, "Children's Lies" comes forth again to delight and admonish. Among the other articles one finds the following: Pedagogy of Modern Languages, of History, of Elementary Mathematics, of Reading, of Drawing, of School Geography, of Music, and of Sex. Then there are chapters on Dancing and Pantomime, the Sunday School, Moral Education, Industrial Education and on Missionary Pedagogy.

As these volumes are probably President Hall's pedagogical valedictory, most American school men will read them with feelings of regret and of gratitude—regret that they are the last, and gratitude that so much has been contributed to the advance of education, for President Hall has certainly enriched and dignified a field of thought which has not always had the respectful acclaim of all men. And if he has a noble record of work accomplished, he has also sown freely seeds of future harvests.

CHARLES DE GARMO.

Cornell University.

Henderson, Chas. R. (Ed. by). *Correction and Prevention*. 4 vols. Vol. I—Prison Reform, C. R. Henderson (Ed.), F. B. Sanborn, F. H. Wines and others, Criminal Law in the United States, Eugene Smith; Vol. II—Penal and Reformatory Institutions, by sixteen leading authorities; Vol. III—Preventive Agencies and Methods, by C. R. Henderson; Vol. IV—Preventive Treatment of Neglected Children, by Hastings H. Hart; Pp. cxvii, 1490. Price, \$10.00. New York: Charities Publication Committee, 1910.

This monumental work in American Penological Science appears in four volumes, under the general title of "Correction and Prevention." It was designed as a souvenir for our honored guests, the European delegates to the Eighth International Prison Congress, held in Washington, D. C., in October, 1910.

The plan was devised by the late Dr. S. J. Barrows, United States Commissioner on the International Prison Commission, and president of the International Prison Congress. After the death of Dr. Barrows, in April, 1909, Dr. Charles R. Henderson was appointed by President Taft to succeed Dr. Barrows, and upon him fell the responsibility of general editor of the work. The enterprise was financed by the Russell Sage Foundation, under the oversight of its director, Mr. John M. Glenn. Of the purpose of the undertaking, Dr. Henderson says: "It has been the purpose of all concerned to present in these volumes, with fidelity to truth, the most essential facts, without controversy and without boasting, and to interpret the historical movements treated, so as to discover their genuine significance." "In this story they (our foreign delegates) will find much to criticize; the faults of a rapidly growing country whose development in material wealth has outrun its legislation and its institutions of culture; but we trust they will also find here a powerful and advancing movement to correct recognized evils, to promote order and security and to further the general enlightenment."

It is apparent that the aim of the editors was not to present the most advanced ideas of our American scientific students of criminology except as they are embodied in concrete movements, but to tell the story of our progress and achievement.

The material, therefore, takes the form of a compilation and a historical résumé. This serves admirably the purpose for which it was intended originally, and in addition it provides an encyclopedic source of information for the social student generally in this most important field of human endeavor.

VOLUME I. PRISON REFORM AND CRIMINAL LAW. Following the Editorial Introduction, we have in Chapter I a Historical Introduction, by F. H. Wines, followed by the Declaration of Principles Promulgated at Cincinnati, Ohio, in 1870. Other chapters are C. E. Wines and Prison Reform, a Memoir, by F. B. Sanborn; The American Reformatory Prison System, by Z. R. Brockway; Possible and Actual Penalties for Crime, by F. H. Wines; Biographies of Samuel June Barrows, by Paul U. Kellogg, and of Gen. Rutherford B. Hayes, by M. F. Round. Other Biographies of Frances Liever, Theodore W. Dwight, Edward Livingston, Dorothia Lynde Dix, Ellen Cheney Johnson and Gardiner Tufts, complete the volume. To the historical development of thought in regard to prison science has been added the biographical method. This not only affords greater interest through personal insight and familiarizes the reader with the names of the workers who have created American Penology, but it enables one to trace the processes by which trained minds reacted against the evils and abuses of their time and evolved the principles of the new rational order. Some whose interest will centre primarily, neither in the history nor in the principles of the science, will, nevertheless, be attracted by the achievements of the men and the women who have made the history and who have been the embodiment of sympathy while they sought to apply the principles dis-

covered through scientific research to the practical problem of criminal reform.

Bound under the same cover, but edited by Eugene Smith, president of the Prison Association of New York, is a separate treatise of 119 pages, including the index, entitled *Criminal Law in the United States*.

While this portion of the work is intended to be chiefly descriptive, and from this point of view is admirably done, it is written by one who is identified with the progressive movement, and the chapters on *The Primitive System of Criminal Law* and *the Indeterminate Sentence* constitute a most admirable commentary upon the new trend toward a more humane and effective administration of criminal law. Retributive punishment has failed to work the reformation of the criminal or to secure social defense against crime. The overwhelming majority of released convicts who return to criminal pursuits is the most serious indictment against our present penal system. "Imprisonment for a fixed term under the old punitive system yields only temporary protection to society, lasting until the expiration of the term, when the original danger is revived in an aggravated form. The indeterminate sentence makes the protection permanent."

VOL. II. PENAL AND REFORMATORY INSTITUTIONS. In this volume practically every phase of our prison system, from the "Station House" to the separate Reformatories for men and women, is considered in thirteen chapters by as many different writers. The scope of *Educational Work in Prison* and *The Prison Physician* and his work are treated by several different writers. Of the papers, Dr. Henderson says: "They may be regarded as the sincere and reliable expression of convictions and purposes which promise to control the future." Of the writers, he says further: "They are men of long experience, and the fact that in a country where changes are so frequent and political appointments so uncertain, they have stood at their posts long enough to acquire professional skill and effect genuine reforms, gives promise of the near triumph of the 'merit system' over the 'spoils system' which has done our country so much harm. They are not only men of this worthy class, but they are types of the kind we prefer and mean to have in office the country over."

While the volume is a source-book of information concerning our prison system in actual operation, it is not a boastful presentation of the "high aims of the most enlightened administrators," but presents rather a critical analysis of the weaknesses and imperfections of our system. Taken in connection with the historical and biographical treatment presented in the first volume we have an admirable summary of the situation.

VOLUME III. PREVENTIVE AGENCIES AND METHODS. In this volume, written by Dr. Henderson at the request of Dr. Barrows, the subject is transferred to the field of criminology. Knowledge adequate for the construction of an intelligent penal system must rest upon inductive studies of the factors of crime. As long as criminality was regarded as the abnormal conduct of the normal man and due simply to moral perversion, no science of criminology was possible. Ever since the discovery that criminal statis-

tics do not group themselves closely about the normal curve of chance distribution scientists have been engaged in the study of physical and social causation in the attempt to discover intelligent explanations. The result is the modern science of criminology. Professor Henderson, according to approved modern methods, locates the causes of crime in the inheritance of defects, in physical, economic and educational conditions. Preventive agencies and methods must be employed in the light of these facts. The volume deals with the changes that are being made in present methods through the better understanding of the problem thus secured.

VOLUME IV. PREVENTIVE TREATMENT OF NEGLECTED CHILDREN. This volume was edited by Hastings H. Hart, Director of the Department of Child Helping of the Russell Sage Foundation. Most of the book is written by Dr. Hart, but his work has been supplemented by articles by other leading authorities. The volume was prepared primarily as a chronicle of the work for neglected children in the United States in more than a thousand institutions and of more than a hundred societies. The importance of the subject in connection with criminology rests on the established knowledge that the criminal ranks are steadily recruited from the class of neglected children and that one of the most effective means of lessening crime from this source is to attack the problem on its preventive side by giving proper care to the neglected group. Within the limited scope of a single volume Dr. Hart has covered the entire range of agencies dealing with the problem. We can do little more than indicate the scope of the work. The captions of the seven parts of the book are: I, Institutions for Delinquent Children; II, Institutions for Dependent Children; III, Cottage and Congregate Institutions for Dependent and Delinquent Children; IV, Child-Helping Societies; V, Family Home Care—The Placing Out System; VI, The Juvenile Court; VII, Miscellaneous Preventive Agencies. An appendix contains the Rochester juvenile court law of 1910, generally recognized as embodying the best features of the various juvenile court laws in the United States.

It was perhaps unavoidable that such a work should contain some repetition and also divergent views upon the same topics. Each volume is complete in itself, the whole set containing the best and most comprehensive statement of the problem of American penology yet written. It is an achievement worthy of the great mind that conceived it.

J. P. LICHTENBERGER.

University of Pennsylvania.

INDEX

- Account sales, 45.
Appeals, Chicago Committee on, 88.
Arbitrating, 21.
- Bankers' credits (cotton), 285.
- BOARD OF TRADE OF THE CITY OF CHICAGO, 189-205. Origin and development, 190; early history, 191; objects, 192; importance, 193; future sales, 196; speculation, 201; bucket-shops, 202; short-selling, 203.
- Boards of trade, development of, 189; functions of, 189.
- Bucket-shops, 202.
- Buffalo Corn Exchange, 243.
- Bureau of Statistics, 91.
- "Calls," uses of, 32.
- Chicago Board of Trade (see Board of Trade of the City of Chicago).
- Chicago Grain Inspection Department, 88.
- Civil Service and inspection, 89.
- Classification of coffee, 294.
- CLASSIFICATION OF GRAIN INTO GRADES, 58-77. Development of inspection in Chicago, 58; inspection laws of Illinois, 58; Missouri, 59; Minnesota, 59; Indiana, 60; Kansas, 60; Grain Dealers' Association, 61; office inspection, 62; "out-inspection," 64; foreign grain buyers, 65; federal inspection, 67; effect upon the grain trade, 72; "future" contracts, 75; value of inspection, 77.
- Coffee, classification of, 294; production, 292, 294; prices, 302; purchase and sale of, 295; reports of New York Coffee Exchange, 119; "valorization," 292.
- Coffee "commisario," 295.
- Coffee exchange, functions of, 298; officers of, 297; of the City of New York, 296.
- COFFEE MARKET, THE, 292-302. The United States as a consumer, 292; coffee countries, 292; Sao Paulo "valorization," 292; coffee production, 1909, 294; classification of coffee, 294; purchase and sale of coffee, 295; New York Coffee Exchange, 296; future contracts, 300; price of coffee, 302.
- Commerce of the Mississippi, 222.
- Commission men, 46.
- Complaint committee, New York Produce Exchange, 220.
- Composite plot of business conditions, 183.
- Contract, "in store," 47; "on track," 45; "to arrive," 44.
- Contracts, "future," 7, 133; in the coffee market, 300.
- "Corners," 153.
- Cotton, bills of lading, 284; buyers, 283; compress, 283; concentrating of, 283; factors, 282; crop, financing the, 254; exports, financing of, 285; "future," 272; "futures," 278; gin, 281; "grade," 265; hypothecation of, 290; importance of, 253; insurance, 290; in the hands of the farmer, 281; prices, 257; quality of, 264; shipment, 282; "staple," 265; "spot," 270; trade, characteristics of, 268; transactions, 263, 268, 269.
- COTTON, FINANCING OF, 281-291. The farmer, 281; from gin to compress, 282; shipping on consignment, 282; cotton factors, 282; cotton buyer, 283; cotton bought at compress, 283; concentrating cotton, 283; concentrating bills of lading, 284;

- financing exports, 285; bankers' credits, 285; payment bills, 286; rebating payment bills, 287; payment bills made liquid, 287; spinners' acceptances, 288; investment in bills, 288; currency movement, 289; gold importations, 289; hypothecation of cotton, 290; insurance of cotton, 290; "hedging," 290.
- COTTON EXCHANGES AND THEIR ECONOMIC FUNCTIONS**, 253-280. Importance of cotton, 253; importance of cotton merchants, 254; cotton markets, 255; the great markets, 258; foreign cotton exchanges, 259; American exchanges, 261; nature of cotton transactions, 263; characteristics of cotton, 264; grading, 266; grade uniformity, 267; characteristics of cotton trade, 268; American spot markets, 270; future contracts, 272; "hedging," 274.
- Cotton exchanges, foreign, 259; in United States, 261; purpose of, 262.
- Cotton markets, great, 258; large and small, 256; necessity for, 255.
- Cotton merchant, importance of, 254.
- Crop, acreage, 93; condition, 94; correspondents, county, state and township, 96; field agents, special, 97; figures, interpretation of, 95; information, sources of, 96; inquiries, special, 97; method of moving, 11; normal, 94.
- CROP REPORTING SYSTEM, THE**, 91-103. Bureau of Statistics, 91; nature of crop reports, 92; contents of reports, 93; acreage, 93; condition of crops, 94; sources of information, township, county, and state correspondents, 96; special field agents, 97; special inquiries, 97; preparation of report, 98.
- Crop reports, accuracy of, 99, 102; cereal, 113; commission houses', 118; criticism of, 105; grain exchange, 114; importance of, 104; inaccurate, 112; nature of, 92, 93; nature of cereal, 113; newspaper, 109; private, 108, 109, 118; trade papers', 108.
- Currency movement and the cotton crop, 289.
- Deposits subject to check, 169.
- Diverting point, in grain shipment, 56.
- Duluth Board of Trade, 235.
- Elevators, grain, 40; in Minneapolis, 229; profits of, 48; terminal, 49.
- "Exchange Act" in Germany, 136; effect of, 137.
- Exchange rules, 38.
- Exchanges, Council of, purpose of, 2.
- EXCHANGES OF MINNEAPOLIS, DULUTH, KANSAS CITY, OMAHA, BUFFALO, PHILADELPHIA, MILWAUKEE AND TOLEDO**, 227-252. Minneapolis, 227; Duluth, 235; Kansas City, 237; Omaha, 239; Kansas City Clearing House, 241; Buffalo, 243; Philadelphia, 245; Milwaukee, 249; Toledo, 251.
- FACTORS AFFECTING COMMODITY PRICES**, 155-188.
- Index numbers, 155; Dun's, 156; Bradstreet's, 156; Bureau of Statistics of labor, 158; Sauerbeck's, 160; "Economist," 162.
- Price movements, 163.
- Statistical factors affecting prices, 165; factors affecting prices, 165; formula of price, 166; explanation of formula, 166; money in circulation, 169; deposits subject to check, 169; velocity of circulation, 169; volume of trade, 172.
- General factors affecting prices, 174; increase of gold supply, 175; exhaustion of natural resources, 176; rising standard of living,

- 176; withdrawal of population from agriculture, 177; trusts and combinations, 177; tariff, 178; labor unions, 178; growth of population, 178.
- How commodity prices may be forecast, 179; element of time, 180; element of intensity, 180; "area" theory, 181; mercantile conditions, 181; monetary conditions, 181; investment conditions 183; composite plot, 183; law of commodity prices, 185.
- Farmers' elevators, 42; increase of, 43.
- Future contracts in cotton, 272; in the cotton market, 278; in the coffee market, 300.
- "Future" transactions, 7.
- Gambling, 151.
- Gold importations and cotton, 289.
- Gold supply, 175.
- GOVERNMENTAL REGULATION OF SPECULATION, 126-154. Public opinion, 126; progress of industry, 127; risks in industry, 128; agitation against speculation, 129; "future" contracts, 133; functions of speculation, 134; speculation and law, 135; Germany, 135; United States, 141; state legislation, 145; speculation and gambling, 150; beneficial and unbeneficial laws, 153.
- Grading of cotton, 265; uniformity in, 267.
- Grading, of grain, 86; value of, 74;
- Grain, buyers, foreign, 65; contracts, delivery upon 39; distribution of, 55; elevators, country, 40; elevators, line, 40; exchanges, 36; exchanges, functions of, 37; exporter of, 49; grading of, 86; methods of marketing, 36; mixing of, 48; samplers, 63; transactions, character of, 37.
- Grain Dealers' National Association, 61.
- GRAIN INSPECTION IN ILLINOIS, 78-90. Development, 78; track inspection, 79; office inspection, 81; advantages of office inspection, 81; method of inspection, 82; re-inspection, 84; inspection force, 85; grain samplers, 85; inspectors, 86; supervising inspectors, 87; appeals, 88; the department, 88; civil service, 89.
- "Hedging," 23, 75; extent of, 31; uses of, 50; in the cotton market, 274, 290; nature of, 50.
- Independent dealers 43.
- Index numbers, 155; Dun, 156; Bradstreet, 156; Bureau of Statistics of Labor, 158; Sauerbeck, 160; "Economist," 162.
- Industrial changes, 127.
- Industrial progress, 126.
- Industrial risks, 128, 129.
- "In-inspection," 48, 64, 84.
- Inspection, development of, 58, 78; federal, 67; force, 85; foreign, 64; method of, in Chicago, 82; office, 81; "track," 79; value of, 77.
- Inspection laws of Illinois, 58; Indiana, 60; Kansas, 60; Minnesota, 59; Missouri, 59.
- Inspectors, grain, 86.
- Inspector, supervising, 87.
- Insurance, of cotton, 290; of profits, 14, 29.
- Investment conditions, 183.
- Kansas City Board of Trade, 237.
- Kansas City Board of Trade Clearing House, 241.
- Law regarding speculation in Germany, 136, 137; in the United States, 141.
- Line elevators, 40.

- Margin deposits, 38.
 Markets, seaboard, 54.
 Mercantile conditions, 181.
 MERCHANTS' EXCHANGE OF ST. LOUIS, 222-226. Necessity, 222; building, 223; interests, 223; quotations, 223; commerce of the Mississippi, 224; grain trade, 225.
 Metal information, in trade papers, 122.
 Metal statistics, annual, 124; current, 120.
 METHODS OF MARKETING THE GRAIN CROP, 36-57. Importance of crop, 36; grain exchanges, 36; Chicago Board of Trade, 37; nature of transactions, 37; rules governing exchanges, 37; deposit of margins, 38; delivery upon contracts, 39; types of elevators, 40; price of grain, 41; the primary market, 44; types of contracts, 44; account of sale, 45; terminal elevator, 47; grain mixing, 48; the exporter, 49; "hedging," 50; seaboard markets, 54; grain distributors, 55.
 Milwaukee Chamber of Commerce, 249.
 Minneapolis Chamber of Commerce, 181.
 Monetary conditions, 181.
 Money, in circulation, 169; velocity of circulation of, 169.
 Natural resources, 176.
 New York Coffee Exchange, 296.
 New York Commercial Association, 214.
 New York Cotton Exchange, purpose of, 262.
 NEW YORK PRODUCE EXCHANGE, THE, 206-221. History of trade, 206; the provision trade, 208; changes in trade, 209; character of exchange, 210; its development, 211; New York Commercial Association, 214; New York Produce Exchange, 215; its purposes, 216; semi-public functions, 219.
 "Office" inspection, 62.
 Omaha Grain Exchange, 239.
 "Out-inspection," 48, 64, 84.
 Payment bills (cotton), 286.
 Philadelphia Commercial Exchange, 244.
 Population, 176; growth of, 178.
 Price, explanation of formula of, 166; formula of, 166; of grain, 41; of coffee, 302.
 Prices, "area" theory of, 181; commodity, movement of, 163; commodity, 155; commodity, plot showing, 159; cotton, 257; effect of exchanges on, 21; forecasting of, 179; law of commodity, 185; statistical factors affecting, 165.
 Primary markets, 44.
 "Privileges," 33.
 PRODUCE EXCHANGES, THE FUNCTIONS OF, 1-35. Development of produce exchanges, 1; their nature, 2; general object of produce exchanges, 3; regulation of brokerage transactions, 3; furnish a "spot" market, 4; furnish a "future" market, 6; "future" contracts, 7; warehouse receipts, 9; inspection, grading, weighing, 9; mobility of produce, 11; influence upon credit, 12; the grain buyer, 12; furnish a continuous market, 13; "futures" as a method of insurance, 14; furnish information, 16; discount future events, 17; steady prices, 17; "short" selling, 19; regulation of consumption, 20; arbitrating, 21; "hedging," 23; "privileges" or "options," 32.
 PRODUCE MARKETS, CURRENT SOURCES OF INFORMATION IN, 104-125.

- Cotton market, 104; classes of information, 104; crop reports, importance of, 104; criticism of crop reports, 105; classes of government reports, 108; newspaper statistics, 108; private reports, 109.
- Cereal market, 113; government reports, 113; grain exchange reports, 114; reports of commission houses, 118; private crop experts, 118.
- Coffee market, 119; New York Coffee Exchange reports, 119.
- Metal market, 120; current statistics, 120; trade papers, 122; annual statistical publications, 124.
- Production of coffee, 294.
- Provision trade in New York, 208.
- Public opinion regarding speculation, 126.
- "Puts," uses of, 32.
- Regulation, of brokers, 3; federal, of speculation, 141; state, of speculation, 145; of trade, by produce exchanges, 3.
- Re-inspection, 84.
- Reports, classes of government, 108.
- Sales, future, 196; short, 203.
- Samples of grain, 82.
- Samplers, grain, 85; track, 82.
- Short-selling, 203.
- Speculation, 201; agitation against, 129; evils of, in Germany, 136; evils, remedies for, 152; functions of, 134; governmental regulation of, 126; influence of, on prices, 131; and law, 135; laws, regarding, in Germany, 136; nature of, 151.
- Spinners' acceptances (cotton), 288.
- "Spot" transactions, 4.
- Standard of living, 176.
- State report, on grain, final, 101; preliminary, 100.
- St. Louis Merchants' Exchange, 222.
- Tariff, 178.
- Toledo Produce Exchange, 251.
- "Track" inspection, 62.
- Trade, in New York, 206; volume of, 172.
- Trusts and combinations, 177.
- Unions, labor, 178.
- "Valorization," in Sao Paulo, 292.
- Warehouse receipts, 9.



PART ONE

*Underlying Principles and
Typical Plans*

HISTORY AND UNDERLYING PRINCIPLES OF COMMISSION GOVERNMENT

BY ERNEST S. BRADFORD, PH.D.,
Author of Commission Government in American Cities.

The history of the commission form of municipal government, prior to 1907, was short and simple. Up to that time the plan had been adopted and put into operation in two cities. The new charter of Galveston, granted in 1901 and taking effect in September of that year, placed the government of that city in the hands of a single board of five commissioners. In 1905 Houston installed a somewhat similar form. Under the new system, Galveston proceeded to lay a seawall, to fill and regrade and rebuild, to renew its credit and to re-establish itself; after these things had been accomplished, it turned its attention to city government proper. Houston applied the small board plan at once to the usual municipal problems. "Commission government in cities" was, in 1906, a term almost unknown in American municipal politics.

But forces were at work which were to change all this and soon James G. Berryhill, of Des Moines, had already been South and brought back news of improved conditions in Galveston. A committee of Kansas citizens visited Texas and inspected the workings of the new plan. In October, 1906, McClure's Magazine published an article by George Kibbe Turner, describing the city government of Galveston. This article was widely read and provoked much discussion. In 1907, the idea spread and took on new form and meaning. In that year, Dallas, Fort Worth, El Paso, Denison and Greenville, Texas, followed the two pioneer cities in obtaining commission charters from the legislature; Iowa passed a general act permitting cities of over 25,000 population to adopt the commission form; Kansas passed two laws, one for cities of the first class (over 15,000 population), and the other applying to cities of the second class (2,000—15,000 population); North Dakota and South Dakota passed commission acts; and Lewiston, Idaho, secured a new char-

ter, drawn on lines similar to those of Galveston, except that the commission had seven members instead of five. The Iowa cities waited until the Supreme Court of that state declared the law constitutional; then Des Moines and Cedar Rapids elected and installed their commissioners, followed later by other municipalities. By May, 1908, a dozen cities had the plan in operation. Haverhill and Gloucester, Massachusetts, secured commission charters in June; in Ardmore and Tulsa, Oklahoma "home-rule" charters providing for government by a commission were submitted by a board of freeholders a little later in the same year. In 1909 came a great access to the list of commission governed cities. The number has continued to increase since. The table on page 5 shows the growth of the movement, by years, through 1909.

In 1910 and 1911, large numbers of cities adopted the commission form; the list at present (October, 1911) includes more than 160 municipalities; if the term commission governed be loosely and vaguely construed, between twenty and thirty other cities may be added. It seems desirable, however, to confine the use of the term within fairly definite limits, as will be noted later.

Not only did the commission idea spread to cities and states far from Texas, but the commission form itself underwent development. The commission of Galveston, after the amendment of 1903, which made all the members of the board elective, consisted of a single small commission-council, elected at large, and vested with both legislative and administrative authority, each member being head of a particular department. Houston accepted these fundamental features, but made the mayor-commissioner more powerful than the other members, by virtue of his power of removal, whereas in Galveston the mayor possesses about the same power as the other commissioners. Houston also included a referendum on franchises. The "Des Moines Plan,"—that is, the Iowa law—followed Galveston on the whole, but added the referendum on all ordinances, the initiative, the recall of officials on petition of twenty-five per cent of the voters and an adverse vote at the recall election, non-partisan nominating and election provisions, a civil service commission, and minor features. "Permit the voters," reasoned the framers of the Iowa act, "to protest against the passage of any ordinance, and to vote upon it, upon petition of twenty-five per cent of the electors; permit them to propose and pass an ordinance, if the council refuses,

SPREAD OF COMMISSION GOVERNMENT IN CITIES

Year	City Securing Charter or State Passing Act	Cities Beginning Operation
1901.....	Galveston, Tex.....	Galveston, Tex.
1905.....	Houston, Tex.....	Houston, Tex.
1907.....	Dallas, Tex..... Fort Worth, Tex..... El Paso, Tex..... Denison, Tex..... Greenville, Tex..... Lewiston, Ida..... Iowa. Kansas (1). Kansas (2). South Dakota. North Dakota.....	Dallas, Tex. Fort Worth, Tex. El Paso, Tex. Denison, Tex. Greenville, Tex. Lewiston, Ida.
1908.....	Haverhill, Mass. Gloucester, Mass. Ardmore, Okla. (a). Tulsa, Okla. (a). Leavenworth, Kan..... Independence, Kan. Sioux Falls, S. D.	Mandan, N. D. Cedar Rapids, Ia. Des Moines, Ia. Leavenworth, Kan.
1909.....	Austin, Tex..... Waco, Tex..... Palestine, Tex..... Corpus Christi, Tex..... Marshall, Tex..... Memphis, Tenn. High Point, N. C..... Huntington, W. Va..... Bluefield, W. Va..... Keokuk, Ia. Burlington, Ia. Colorado Springs, Col..... Grand Junction, Col..... Berkeley, Cal..... San Diego, Cal..... Tacoma, Wash..... Wichita, Kan..... Hutchinson, Kan..... Topeka, Kan..... Anthony, Kan..... Caldwell, Kan..... Kansas City, Kan..... Coffeyville, Kan..... Parsons, Kan. Bismarck, N. D..... Minot, N. D.....	Austin, Tex. Waco, Tex. Palestine, Tex. Corpus Christi, Tex. Marshall, Tex. Haverhill, Mass. Gloucester, Mass. High Point, N. C. Huntington, W. Va. Bluefield, W. Va. Ardmore, Okla. Enid, Okla. Tulsa, Okla. Colorado Springs, Col. Grand Junction, Col. Berkeley, Cal. San Diego, Cal. Wichita, Kan. Hutchinson, Kan. Independence, Kan. Anthony, Kan. Caldwell, Kan. Sioux Falls, S. D. Bismarck, N. D. Minot, N. D.

(a) Date charter submitted by Board of Freeholders.

and to remove officials, if necessary, before their term of office has expired. Prohibit party designation or mark on local ballots; provide for nomination by petition; arrange the names of candidates alphabetically; and provide a municipal civil service commission." All these provisions look toward the elimination of national politics

from city elections, and toward the more complete and direct control of officials by the people.

Other laws made similar provisions. The more recent charters and general acts seem to show a marked tendency to include these features. Another variation of interest is the preferential ballot of Grand Junction, Colorado, adopted in several other cities, whereby primary and election are consolidated into a single election at which the voter is enabled to express his second and third as well as his first choice of candidates.

The commission form, therefore, has developed from the early type in use at Galveston to the more recent form which tends to include such direct popular "checks" as the referendum, the recall, the initiative, a non-partisan ballot, and sometimes other items.

Inspection of the forms of commission government actually existing affords a basis for any discussion of the essential features of the plan, which cannot well be disregarded. By this means, arbitrary definitions may be avoided, and some agreement be reached as to what is the essence of this new type of municipal government to which the term "commission form" has been applied. An approximate tabulation of the main features found in the various commission charters and general acts is shown on pages 7 to 9.

From this table, it appears that at least five items are found in all the commission laws: (1) Both legislative and administrative authority is exercised by the same governing body, (2) each member of which is placed in charge of a division of the administrative work of the city, usually a department; (3) the board is small, having never more than ten members and usually not over five; (4) all the members are elected by all the voters of the city, not by wards; and (5) one or more methods of direct popular control, besides methods of publicity, are usually included, the referendum, initiative, recall, or other features being present in many but not in all of the commission forms.

A predominating feature appears, upon closer examination of these elements and study of their significance, to be the first named feature—the centering of both legislative power and administrative authority in the one small board. The usual city council has been, in the past, a body primarily legislative in its nature, its administrative oversight has been of a loose and uncertain sort, exercised mainly by means of committees, and the administration—mayor and

SUMMARY OF MAIN FEATURES OF COMMISSION CHARTERS AND LAWS

Charters

CITY	Com- mission has both Legisla- tive and Admin- istrative Power	Each Com- mis- sioner heads Depart- ment	Small Board (a)	Elec- tion at Large	Pub- licity	Refer- endum (b)	Initi- ative	Recall	Non- partisan Pri- mary and Elec- tion Meth- ods	Civil Service Com- mission
Texas—										
Galveston.....	x	x	x	x	x	(c)	—	—	—	—
Houston.....	x	x	x	x	x	x	—	—	—	—
Dallas.....	x	x	x	x	x	x	x	x	(d)	—
Fort Worth.....	x	x	x	x	x	x	x	x	—	—
El Paso.....	x	x	x	x	x	x	—	—	—	—
Denison.....	x	x	x	x	x	x	—	x	—	—
Greenville.....	x	x	x	x	x	x	—	—	—	—
Austin.....	x	x	x	x	x	x	x	x	x	—
Waco.....	x	x	x	x	x	x	x	x	—	—
Palestine.....	x	x	x	x	x	x	—	x	—	—
Corpus Christi.....	x	x	x	x	x	x	—	x	—	—
Marshall.....	x	x	x	x	x	x	x	x	—	—
Idaho—										
Lewiston.....	x	x	x	x	x	x	x	x	(d)	(e)
Massachusetts—										
Haverhill.....	x	x	x	x	x	x	x	x	x	—
Gloucester.....	x	x	x	x	x	x	x	—	—	—
Lynn.....	x	x	x	x	x	x	x	x	x	—
Tennessee—										
Memphis.....	x	x	x	x	x	x	—	—	—	x
Chattanooga.....	x	x	x	x	x	x	—	x	(d)	x
North Carolina—										
High Point.....	x	x	x	x	x	x	—	—	—	—
Wilmington.....	x	x	x	x	x	x	x	x	x	x
West Virginia—										
Huntington.....	x	x	x	x	x	(g)	—	(g)	(f)	(h)
Bluefield.....	x	x	x	x	x	(g)	—	(g)	(f)	(h)
Parkersburg.....	x	x	x	x	x	x	x	x	x	x
Oklahoma—										
Ardmore.....	x	x	x	x	x	x(i)	x(i)	x	(j)	—
Enid.....	x	x	x	x	x	x	x	x	(j)	—
Tulsa.....	x	x	x	x	x	x	x	x	(k)	—
McAlester.....	x	x	x	x	x	x	x	x	(j)	—
Muskogee.....	x	x	x	x	x	x	x	x	(j)	x
Bartlesville.....	x	x	x	x	x	x	x	x	(j)	—
Sapulpa.....	x	x	x	x	x	x	x	x	x	—
Duncan.....	x	x	x	x	x	x	x	x	(j)	—
Guthrie.....	x	x	x	x	x	x	x	x	x	—
Colorado—										
Col. Springs.....	x	x	x	x	x	x	x	x	x	x
Grand Junction.....	x	x	x	x	x	x	x	x	(l)	x
California—										
Berkeley.....	x	x	x	x	x	x	x	x	x	x
San Diego.....	x	x	x	x	x	x	x	x	x	—
Oakland.....	x	x	x	x	x	x	x	x	x	x
Modesto.....	x	x	x	x	x	x	x	x	x	—
San Luis Obispo.....	x	x	x	x	x	x	x	x	x	—
Santa Cruz.....	x	x	x	x	x	x	x	x	x	—
Vallejo.....	x	x	x	x	x	x	x	x	x	(m)
Monterey.....	x	x	x	x	x	x	x	x	x	(m)
Washington—										
Tacoma.....	x	x	x	x	x	x	x	x	x	x
Spokane.....	x	x	x	x	x	x	x	x	(n)	x
Oregon—										
Baker.....	x	x	x	x	x	x(p)	x(p)	x(p)	x(o)	—
Minnesota—										
Mankato.....	x	x	x	x	x	x	x	x	x	—
Maryland—										
Cumberland.....	x	x	x	x	x	—	—	—	x	—

SUMMARY—Continued. Charters

CITY	Com- mission has both Legisla- tive and Admin- istrative Power	Each Com- mis- sioner heads Depart- ment	Small Board (a)	Elec- tion at Large	Pub- licity	Refer- endum (b)	Initi- ative	Recall	Non- parti- san Pri- mary and Elec- tion Meth- ods	Civil Service Com- mission
Michigan—										
Port Huron....	x	x	x	x	x	x	x	—	x	—
Pontiac.....	x	x	x	x	x	x	x	x	x	—
Harbor Beach..	x	x	x	x	x	x	x	—	x	—
Wyandotte....	x	x	x	x	x	x	x	x	x	x

- (a) Less than 10 commissioners or councilmen.
 (b) An x has been placed in this column opposite each city or state making provision either for a referendum on all ordinances or a referendum on franchises.
 (c) Referendum only on bond issues, under state law.
 (d) Partial.
 (e) Mayor and council have power to provide for selection of agents, officers, and employees, under civil service rules.
 (f) Unusual provision.
 (g) Exercised by citizens' board.
 (h) Board of commissioners acts as civil service board.
 (i) Provisions for referendum and initiative are contained in Oklahoma constitution.
 (j) No provision in charter. May have either partisan or non-partisan primaries, in accordance with state constitution.
 (k) Partial.
 (l) Preferential ballot.
 (m) Council may establish civil service commission.
 (n) Preferential ballot.
 (o) No primary proper.
 (p) State laws apply, permitting referendum, initiative, and recall.

General Acts

STATE	Com- mission has both Legisla- tive and Admin- istrative Power	Each Com- mis- sioner heads Depart- ment	Small Board (a)	Elec- tion at Large	Pub- licity	Refer- endum (b)	Initi- ative	Recall	Non- parti- san Pri- mary and Elec- tion Meth- ods	Civil Service Com- mission
Iowa.....	x	x	x	x	x	x	x	x	x	x
Kansas—cities of first class....	x	x	x	x	x	x	x	x	x	x
Kansas—cities of second class...	x	x	x	x(b)	x	x	x	—	x(c)	—
South Dakota...	x	x	x	x	x	x	x	x	x	—
North Dakota...	x	x	x	x	x	x	x	x	x	—
Wisconsin.....	x	x	x	x	x	x	x	x	x	—
Minnesota.....	x	x	x	x	x	x(d)	x(d)	x(d)	x	—
Illinois.....	x	x	x	x	x	x	x	x	x	x(e)
New Mexico.....	x	x	x	x	(b)	x	x	—	—	—
Mississippi.....	x	x	x	x	x	x	—	—	—	—
Kentucky.....	x	x	x	x	x	x	x	—	x	—
Louisiana.....	x	x	x	x(b)	x	x	x	x	—	—
South Carolina...	x	x	x	x(b)	x	x	x	x	(f)	x
Texas.....	x	x	x	x	x	(g)	—	—	—	—
Alabama—cities of 100,000....	x	x	x	x	x	x	—	x	x	—
Alabama—cities of 25-50,000...	x	x	x	x	x	x	—	x	x	—

SUMMARY—Continued. General Acts

STATE	Commission has both Legislative and Administrative Power	Each Commissioner heads Department	Small Board (a)	Election at Large	Publicity	Referendum (b)	Initiative	Recall	Non-partisan Primary and Election Methods	Civil Service Commission
Alabama										
(general).....	x	x	x	x	x	x	—	x	(h)	—
California (i).....	x	x	x	x	x	x(j)	x(j)	x(j)	—	—
Idaho.....	x	x	x	x	x	x	x	x	x	—
Montana.....	x	x	x	x	x	x	x	x	x	x
New Jersey.....	x	x	x	x	x	x	x	x	x	—
Utah.....	x	x	x	x	x	—	—	—	—	—
Washington.....	x	x	x	x	x	x	x	x	x	—
Wyoming.....	x	x	x	x	x	x	x	x	x	—

- (a) Less than 10 commissioners or councilmen elected.
 (b) In practice, but not specified in commission law.
 (c) Does not apply to cities of less than 10,000 population.
 (d) City may provide for this feature in charter.
 (e) City may adopt state civil service laws.
 (f) Partial; unusual provision.
 (g) Referendum only on bond issues, under state laws.
 (h) Preferential ballot.
 (i) Applies to cities of fifth and sixth classes.
 (j) Separate act permits referendum, initiative, and recall.

municipal department—has been separated and removed from the council, many of its officers being separately elected and not accountable to the council. Under the commission plan, the single, small group passes ordinances, appoints and removes all subordinate administrative officials, fixes their salaries (in most cases), and determines their duties. If this constitutes a principle, it is that of the concentration of substantially all municipal authority in one small board.

Closely connected with this feature is the placing of each of the members of the board in direct charge of a department, thus conveniently subdividing the work of administration, and insuring close oversight of each branch of municipal work. While the board as a whole is responsible for the administration of city affairs, each commissioner is answerable to the board and to the citizens and voters for his part of the work.

The commission is small; its members are few enough so that each receives close scrutiny at election time. The board is also small enough for prompt and effective action, when necessary.

These three elements relate to the size, powers and form of

organization of the municipal governing body. The fourth feature has to do with the organization of the electorate. The electorate, instead of being divided into wards, is a single body. Under the usual aldermanic plan, the voters are organized into wards, for electing councilmen, but act as a whole in voting for mayor, assessor and frequently for other administrative officials. The organization of the voters of the city as a single group is not only simpler, but recognizes the unity of the city—the need to choose men who will represent the entire municipality.

The initiative, referendum and recall have to do with the relation of the voters to their governing body and represent an attempt to make the latter more responsive to the will of their constituents. The referendum separates the ordinance from the men who passed it, and enables an expression of public opinion, directly on the measure. The recall makes it possible to remove an official, without waiting till the end of his term,—the emergency right to discharge a public servant. These are calculated to insure more adequate representation—more direct popular control of government—a principle which extends beyond the realm of municipal government into state and nation, and constitutes one of the most important elements connected with the commission form.

The non-partisan primary and election aim to separate local interests from national or state politics. The municipal civil service commission is intended to insure the merit system in city affairs. Other provisions and restrictions aim to remedy franchise abuses, prevent corrupt practices at elections, and check other evils.

It is undoubtedly possible to adopt some of these features and to omit others. The writer is disposed to regard the presence of the first four elements and one or more of those grouped under the fifth head as constituting a true commission form. If so, it may be defined as that form of city government in which a small board (less than ten) elected at large, exercises substantially the entire municipal authority, each member being assigned as head of a rather definite division of the administrative work; the commission being subject to one or more means of direct popular control such as publicity of proceedings, recall, referendum, initiative and a non-partisan ballot.

This, however, will not prevent many cities from adopting in their new charters most or all of the methods of control referred to,

as seem to them desirable, in which case they will have no less a commission form than with fewer direct "checks." If a charter of the new type is to be adopted, the important question is not: "Is it a commission charter?" but "Is it the best possible commission charter which can be framed for our city?" To this question, each municipality must make its own answer.

COMMISSION GOVERNMENT IN THE SOUTH

BY WILLIAM O. SCROGGS,

Associate Professor of Economics and History, Louisiana State University,
Baton Rouge, La.

While the credit for inaugurating the commission form of municipal government that is now spreading so rapidly in all parts of the United States is rightly attributed to Galveston, the system so successfully operated by that municipality since 1901 was by no means a complete innovation. Certain analogies between this form of government and that of the New England towns and of the District of Columbia have been frequently pointed out; but there are other experiments in municipal government which bear a still closer resemblance to the one initiated ten years ago by the Texas city on the gulf.

The three lawyers who originated the commission government for Galveston seem to have been quite unaware that they were following precedents established by other southern cities a generation earlier.¹ The work of these men was the product of their own minds, but their creation was not novel. Without knowing it, they had almost duplicated the charter adopted for the city of New Orleans in 1870. The earlier experiments, like that of Galveston, were the results of crises. Under such conditions the need of centralized, responsible administration was keenly felt; and the outcome, in the seventies as well as at the beginning of the twentieth century, was what is now called city government by commission.

The decade following the Civil War was one of general commercial and industrial depression in the South, and its cities fell on especially hard lines. By 1869 the condition of the government of New Orleans was truly deplorable. It could not pay the interest on its debt or meet its current expenses, and it had issued a currency of doubtful legal validity, which was circulated in such large amounts as to make it worthless. In his message to the legislature this year Governor Warmoth declared that the city administration,

¹ See President Charles W. Elliot's address on *Better Municipal Government* before the Good Government Club of Williams College. Reprinted in Beard's *Digest of Short Ballot Charters*, p. 21101.

then bicameral, was "cumbersome, expensive, and irresponsible," and urged that a new charter should be granted containing definite powers and attaching more responsibility to the officials. A plan submitted by the "Property Holders' Association" of New Orleans was introduced in the State Senate and debated at length, but no definite action was taken before adjournment. The principal objection to the measure was its concentration of authority in too small a number of officials.

At the next session, in 1870, the agitation for reform was renewed, and this time it met with success. The new charter vested the legislative and administrative powers of the city in a mayor and seven administrators. Many provisions of this instrument are strikingly like those now found in the city charters modeled after the Galveston plan. It should be noted also that this government by commission antedates by four years the appointment of a commission by Congress for the government of the District of Columbia, and precedes by eight years the creation of a permanent commission for the District. The first mayor and administrators of New Orleans were to be appointed by the governor, but were to hold office only until an election could be held some months later. The administrators were collectively termed the council, and were chosen from the city at large. Their term of office was two years, three members and the mayor being chosen in one year and the other four members in the next, so that not more than half of the personnel of the council should change at one time. The executive business of the city was divided into the seven departments of finance, commerce, improvements, assessments, police, public accounts, and waterworks and public buildings; and an administrator was placed in charge of each department. Each administrator recommended the clerks and other officers for his department, and these were appointed and their salaries fixed by the council, which also had the power to remove any of these officials at its discretion. The administrators received an annual salary of \$6,000, and were required to submit monthly departmental reports and to keep their offices in the city hall open seven hours a day.

It became customary for the council to meet informally on the day before the regular weekly assembly and discuss with any of their townsmen who cared to be present the matters that would be presented for formal action on the following day. The newspapers

always gave full accounts of these meetings, and the public could thus have full information of the conduct of the city's business. When matters of particular importance were to be discussed prominent citizens received special invitations to attend. Upon a measure relating to sewerage, discussion was carried on in this manner for more than a year, and every citizen who so desired had a chance to express his views. As to the success of the plan there is a radical difference of opinion. Judge William W. Howe, in his "Municipal History of New Orleans," states that the administrators were generally men of prominence in business or politics, and were more amenable to public opinion than the usual alderman or councilman of American cities. The twelve years of rule by the administrators, he says, were a period of progressive and business-like government, far superior to the bicameral system that preceded it. On the other hand, it has been claimed that the administrators developed a gigantic political machine and enjoyed unrestricted powers of graft. It is certain that the system evoked criticism on account of the smallness of the council and its alleged liability to private and corporate control. Its opponents tried to arouse public hostility to its highly centralized powers and after 1879 began active agitation for a change. In 1882 their efforts were successful, and the city went back to the usual American plan of councilmen chosen by wards. If this system had been tried at a time when civic interest was at a higher ebb, the credit of originating the commission plan of government might now be claimed by New Orleans rather than by Galveston.

Just as New Orleans was preparing to discard her government by administrators, the neighboring city of Mobile was encountering difficulties. Public aid to railways in the reconstruction period, and the panic of 1873 had brought that municipality to bankruptcy, and the property of its citizens was liable to sale for taxes assessed under a writ of mandamus of the Federal court. After two years of solicitation, the state legislature was prevailed upon to come to the city's relief, and by an act of February 11, 1879, it annulled the charter, declared the corporation abolished, ordered all its assets to be applied to the liquidation of its debts, and placed these assets under the control of three commissioners appointed by the governor. These commissioners were authorized to discharge their duties under the direction of the court of chancery; to adjust, compound,

and compromise all debts and demands, including taxes past due; to report the results of their work to the governor, and to draft a legislative bill to effect the settlement they deemed advisable. A second act of the same date incorporated the Port of Mobile, to take the place of the defunct city. To secure economy, simplicity, and efficiency, the "Port" was to be governed by eight commissioners, chosen by wards, and styled the Mobile police board. They were charged only with the duties of preserving the peace, protecting the health, taking care of the streets, and providing against fires; and were empowered to pass laws and ordinances and to levy taxes for the attainment of these ends. We have here a form of dual commission government, an appointive commission of three with plenary power to deal with the municipal debt, and an elective commission of eight with both legislative and administrative functions, limited, however, to the exercise of police powers. By the end of 1880, the debt commissioners had succeeded in negotiating a plan of adjustment with the creditors of the "late city," which was approved by the legislature. The "Port of Mobile," however, continued its corporate existence, with its government by commissioners, until 1887, when a city government after the usual pattern was again established. In 1882 the Alabama legislature was called upon to repeat for the city of Selma practically what it had done for Mobile.

In the same year in which legislative relief was secured for Mobile, the legislature of Tennessee took similar action with regard to the city of Memphis. Successive epidemics of yellow fever had impoverished and greatly depopulated the city, the public debt amounted to nearly one-third of the value of the taxable property, and the population had declined in the last decade from forty thousand to about thirty-three thousand. In January, 1879, the legislature repealed the city charter, creating out of the municipality the "taxing district of Shelby County," and vesting the government in a board of public works of five members and a governing council of three. The council managed the affairs of the "taxing district" until 1891 and greatly improved the sanitary condition, securing a new water supply and repaving the streets. Prosperity returned, and the population in the decade 1880-90 almost doubled.

The first period of city government by commission in the South thus ran its course in about two decades. The system, except in the case of New Orleans, was regarded as merely temporary, and

was abandoned as soon as the emergency which called it forth had passed. The second and more important period of commission government in the South was likewise called forth by an emergency, and the plan at the time of its installation was also regarded as temporary. On September 8, 1900, a terrible West Indian hurricane sent high waves over the low island on which the city of Galveston is situated, causing a loss of 5,000 lives and of property valued at \$17,000,000. The government of the city, for a long time notoriously incompetent and even dishonest, showed its utter helplessness in the crisis following the storm. Even before the disaster the city's credit had been reduced to zero, and its current expenses were being paid in scrip which circulated at a big discount. What could be expected of the old regime when pavements, electric-lighting plant, waterworks, fire-engine stations and all other public buildings were either greatly damaged or in ruins, and a large portion of the taxable property had been swept into the sea? While the government was for the time being practically in the hands of the Deepwater Commission, an organization of business men formed previously to promote harbor improvements, three Galveston lawyers, meeting every evening after a day of relief work, undertook to draw up a new frame of government for their stricken municipality. In two months they had devised a charter, and after securing the co-operation of a large number of citizens, they succeeded in obtaining favorable action by the legislature on April 18, 1901. The framers of the charter seem to have studied somewhat the governmental conditions and experiences of Boston, St. Louis, and New York, but their plan was not noticeably influenced by what they learned of these cities. As already stated, their work was entirely original; and yet, so prone is the human mind always to act the same way under similar conditions, that the Galveston charter reproduced many of the salient features of the New Orleans charter of 1870. The new administration was inaugurated in September, 1901, and this was the beginning of the second period of commission government in the south. The charter vested the entire legislative and executive functions in five commissioners, three appointed by the governor and two chosen by the citizens. The constitutionality of this provision, however, was soon contested, and the State Supreme Court held that certain powers which had been vested in the commissioners could be exercised only by elective

officers. This decision necessitated an amendment making all the commissioners elective, which was secured by an act of March 30, 1903. The change was undoubtedly of great influence in establishing the permanency of commission government in the city. The benefits from the new government became at once apparent. Under the aldermanic system, the city had incurred an annual deficit for several years of \$100,000, the funding of which into bonded debt had been regularly authorized by the legislature. When the commission government went into operation, there was a floating debt of over \$200,000. In 1910 this had been paid, \$475,000 of the old bonded debt had been retired, and over \$600,000 from current revenues had been expended for constructing shell roads and drains. Schools were built, the water-plant improved, the sewer system extended, the streets cleaned and repaved, the running expenses greatly reduced, and the credit of the city raised from nothing to above par.

The success of the Galveston experiment at once began to attract attention in the neighboring city of Houston, which had also been suffering for a long time from the evils of the aldermanic system. In the language of Mayor Rice, "Debt after debt was being created and nothing to show for the moneys paid into the treasury. The people of Houston were in that frame of mind to accept any form or kind of change in their government, knowing full well that they could do nothing worse than to continue what they had." On December 10, 1904, the commission plan was submitted to a vote of the people and secured a good majority, although the total vote was light. The new charter was granted by the legislature on March 18, 1905, and the commission government was put into operation on July 5 following.

The Houston charter is different in certain minor respects from that of Galveston. In Houston the five elective officials are styled the mayor and aldermen, and are collectively designated as the city council. They receive larger salaries than the Galveston officials and are required to devote their entire time to the city. The five officials of Galveston are known as the mayor-president and commissioners, and are collectively styled the board of commissioners. In both cities these officials are chosen from the city at large.

The new government of Houston proved a success from the start. At the time of its inauguration there was a floating debt of

over \$400,000; at the end of the first year this had been redeemed, nearly \$100,000 in delinquent taxes had been collected, and all current expenses had been met. At the end of five years \$1,865,757 had been spent for improvements out of current revenues, while the tax rate at the same time had been reduced thirty cents on the hundred dollars. In 1906 the city purchased the privately owned water-works system, began to furnish better water, and finally succeeded in reducing the water-rate from fifty to fifteen cents per thousand gallons. At the same time bucket-shops, poolrooms, gambling houses, and objectionable variety theatres were closed, and saloon keepers were made to comply with the closing law.

The good results obtained from the commission plan in Galveston and Houston gave a great impetus to its adoption in other towns of the state, and the system began to attract attention in all parts of the Union. In 1907 five other Texas cities adopted commission government, and two Iowa cities—Des Moines and Davenport—did likewise. It is worthy of note that of these seven cities five added new features by making provision in their charters for one or more of the three voting methods known as the initiative, the referendum, and the recall. In adopting this innovation, Fort Worth took the lead, receiving a charter, on February 26, providing for the referendum and recall. A few weeks later, on April 13, Dallas went a step further, by securing a charter providing for the initiative as well as the two other features. Denison in the same month adopted the plan with provision for the recall and for a limited referendum on franchises. The form of commission government that includes the initiative, referendum, and recall, and a provision for non-partisan primaries is known as the "Des Moines plan," but the Iowa city does not deserve the entire credit for this modification of the Galveston plan. Many features of the so-called "Des Moines plan" were being developed for Fort Worth and Dallas simultaneously with their consideration by the Iowa legislature.

The two other Texas cities to set the commission form of government in operation in 1907 were Beaumont and Greenville.² The latter, having a population of only about 8,000, was the first of the smaller cities to try the experiment, and its charter, as

² Memphis also obtained a charter for such a government this year, but it was nullified by a judicial decision, as will be explained below.

well as that of Denison, provides for only three commissioners, including the mayor. An interesting feature of the Greenville and Dallas charters is the provision that the office of city treasurer shall be let to the "highest and best bidder." The Beaumont plan differs materially from that of its sister cities. Some of its citizens, indeed, deny that it really has the commission form of government. Six commissioners and the mayor are chosen by the voters at large, but two commissioners must be chosen from each ward—a compromise between the old ward system and the election method in nearly all other commission cities. The Beaumont commissioners have the powers of the former city council and in addition the power to appoint all the administrative officers upon the recommendation of the mayor. The city thus retains some features of the aldermanic system, but it has secured the advantages of more centralized responsibility and of a shorter ballot, as only seven officials are elective.

From the foregoing it will be seen that at the end of the year 1907 nine cities were under the commission form of government, and of these seven were in the South. Three and a half years later the number of cities and towns in which this form of government was either already in operation, or had been provided for by special charter or by an election under a general law, was one hundred and forty-four. Thirty-three of these are in the South, and their distribution, according to the official publication of the Short Ballot Organization, is as follows: Alabama, 4; Kentucky, 1; Louisiana, 1; Mississippi, 2; North Carolina, 3; South Carolina, 1; Tennessee, 2; Texas, 16; and West Virginia, 3. In the states of Arkansas, Florida, Georgia, and Virginia commission government has not yet made its appearance, but an earnest effort is being made to secure a modified form of commission government for the city of Atlanta.

Both in the number and in the importance of its commission-governed municipalities, Texas has always held the first place among the southern states. Its sixteen commission governments are to be found in places ranging in size from towns of less than two thousand inhabitants to the three leading cities of Dallas (92,102), Fort Worth (73,302), and Houston (78,800). The more important of these cities obtained their charters by special legislative enactments, but since March 25, 1909, a general law has been in force allowing cities of less than ten thousand population, whether incor-

porated or unincorporated, to adopt this form of government by popular vote. Aransas Pass, Kennedy, Marble Falls, and Port Lavaca are among the small towns that have availed themselves of this act.

Until 1908 commission government in the South was confined to Texas. In that year, however, Mississippi passed a "Home Rule Law," approved March 31, which gave all its cities the privilege of coming under this new system of government, and the cities of Hattiesburg and Clarksdale subsequently took advantage of the act. By its terms ten per cent of the voters of a municipality, upon signing a petition for this government and stipulating therein the number of commissioners to be chosen, the time each must devote to his public duties, the salaries to be paid, etc., may secure a popular vote upon the proposed measure. If the vote is favorable, the governor is authorized to issue a charter complying with the terms of the petition. These terms are amendable at any subsequent time by a local election.

In 1909 the idea began to spread more rapidly in the South, and the plan was put into operation in North Carolina, Tennessee, and West Virginia. The town of High Point, North Carolina, was the first to adopt commission government in that year, receiving its charter on February 27. In providing for nine commissioners, High Point broke all records for numbers, and this is especially noteworthy, since the smaller cities have usually shown a tendency to reduce the number from five to three or four. The method of choosing the commissioners is the same as that described in the case of Beaumont, but unlike the council of the latter city that of High Point has the power both "to make and to enforce such rules and regulations" as it may deem proper for the administration of the city's affairs. The councilmen receive two dollars for each meeting attended, and the meetings are limited to two per month. Greensboro and Wilmington are the two other cities of this state that have adopted government by commission. The charter of the latter, obtained March 3, 1911, provides that no two of the commissioners shall be from the same ward, and that the commissioner receiving the highest vote shall be designated as mayor. There is also provision for the initiative, referendum, and recall and for non-partisan primaries, as in the Des Moines plan.

Several new features in the government of southern cities were

inaugurated in 1909 in the charters of Huntington and Bluefield, West Virginia. In Huntington, in addition to the board of four commissioners, there is a Citizens' Board of sixty-four persons, sixteen being chosen by the voters in each of the four wards. The Citizens' Board has the power of the referendum and the recall. It meets regularly once a month, and oftener if necessary, and has the right to veto, by a majority vote, any ordinance or franchise passed by the board of commissioners. In the case of an ordinance levying a special tax, a vote of only two-fifths of the Board against the measure is sufficient to veto it. The Board is also empowered to hear charges against any commissioner and may remove him by a two-thirds' vote. The charter declares that its object "is to procure an honest and efficient administration of the affairs of the city of Huntington, free from partisan distinction and control." With this end in view it provides that, of the four commissioners to be chosen at an election, not more than two shall be of the same political party, "and if more than two candidates of the same political party receive the greatest number of votes, then the two of such party receiving the greatest number of votes shall be declared elected," and the votes of the other candidates of that party shall be disregarded; while the two candidates of other political parties receiving the next greatest vote shall be declared elected. In like manner, of the sixteen members of the Citizens' Board to be chosen from each ward, not more than eight may be of the same political party. The candidate for commissioner receiving the highest vote becomes *ipso facto* mayor of the city.

The government of Bluefield, West Virginia, is similar to that of Huntington, but there are certain differences between the two that are worth mentioning. In place of a Citizens' Board, Bluefield has a council, chosen by wards, and possessing not only the right of veto and removal, but also the right to make recommendations on any matter relating to the city government. Not more than half its members may be of the same political faith. The legislative and administrative functions are vested in four men, including the mayor, termed collectively the Board of Affairs.

While these special features of the two West Virginia cities are interesting to the student of municipal government, they can hardly obtain his unqualified approval. The two chief advantages of the commission government are its simplicity and its centralized

responsibility. The large and cumbrous Citizens' Board of Huntington tends to destroy both. Furthermore, the Board, instead of being non-partisan tends to become merely bi-partisan; and a citizen's fitness to serve thereon is dependent, in part, upon his attitude toward national politics. The same criticism applies to the Bluefield Council. Parkersburg, which obtained a charter in February, 1911, did not follow the example of the two other West Virginia municipalities, but secured a government modeled closely after the Des Moines plan.

The experience of Memphis with commission government from 1879 to 1891 has already been referred to. In 1907 this city secured a new charter modeled closely after that of Houston, but the Supreme Court of Tennessee declared the instrument null and void, on the ground that it would remove the existing elective officials from their positions before the expiration of their terms. Nothing daunted, however, the advocates of commission government went to work and secured a new charter in April, 1909, with the objectionable features eliminated, and on January 1, 1910, Memphis was for a second time under a government by commission. On February 9, 1911, Chattanooga followed the example of Memphis, but secured a charter of the Des Moines type. A special feature in Chattanooga is the abolition of the old board of school commissioners and the placing of the public schools under the direct control of the city commissioners.

In 1910 three states—South Carolina, Kentucky, and Louisiana—passed general laws allowing certain classes of cities to vote upon the question of adopting a prescribed form of commission government. In this movement South Carolina took the lead, passing an act, approved February 21, applicable to all cities with from 20,000 to 50,000 population. The government is vested in a council of five, including the mayor, and provision is made for the referendum and recall, and for a civil service commission. Columbia at once took advantage of the provisions of this act and inaugurated its new government on May 12. In its election there were only sixty-eight votes against the proposed change. A month later, Kentucky followed South Carolina with an act applicable to cities of the second class (20,000 to 100,000 population). The law differs from that of South Carolina mainly in the absence of any provision for a civil service commission and the recall. Only four cities were affected

by the Kentucky statute: Lexington, Newport, Covington, and Paducah. As yet the question has been submitted only to the voters of Lexington and of Newport. In the former city, the proposal was rejected by a majority of about 800, but in Newport it was carried by a good majority, and the Court of Appeals in a test case from this city upheld the constitutionality of the statute. The Newport government will be put into operation on January 1, 1912.

Louisiana³ fell in line on July 7, 1910, with an act permitting all cities of over 7,500 population to adopt the commission plan by popular vote. From the provisions of this law, however, New Orleans, Monroe, Baton Rouge, and Lake Charles were expressly excluded in the title and the text of the bill, the legislature, for some reason, being of the opinion that these cities should not be allowed to decide the question for themselves. The law provides for three commissioners in all places of less than 25,000 inhabitants and for five in all larger places. A scale of salaries is provided, varying with the size of the municipality. Provision is made for the initiative, referendum, and recall. The city of Shreveport (pop. 28,015) immediately availed itself of the privileges of this act, and inaugurated its commission government on November 14. Its chief motive in making a change was the desire to enforce more strictly the local prohibition laws. Under the old form of government, this had proved impossible.

The further progress of the commission idea was indicated in 1911 by its appearance in Alabama. On March 31, the legislature created a commission form of government for all cities of more than 100,000 inhabitants (meaning Birmingham), with the stipulation that the new government should be put into operation within thirty days without further reference of the question to the voters. For a city of this size (pop. 132,685), the government is highly centralized, there being only three commissioners, including the mayor. The term of one commissioner expires each year. By the terms of the act the mayor of the city at the time of the installation of the new government became *ex officio* president of the board of commissioners. The other commissioners were appointed by the governor, but at the expiration of their terms these three officials become henceforth elective. The commissioners are subject to the recall, and all their books and accounts and those of the subordinate

³ See also *Commission Government in the West*, *infra*.—EDITOR.

officials are subject, at any time, to examination by the state examiner of public accounts upon the order of the governor. The installation of the commission government in Birmingham is of especial importance, inasmuch as it is the largest city in the South and the second largest city in the United States to take this step. Its experience will help to settle the much discussed question as to the adaptability of commission government to cities with more than 100,000 inhabitants.

Six days after the Birmingham measure became law, a similar enactment went into effect providing commission government for cities of class "C" (25,000 to 50,000 population), also without reference to the electorate. Montgomery, whose voters had already assented to the change of government, was the only city affected by this law, and a board of five commissioners was duly installed on April 10, only four days after the signing of the act. As in the case of Birmingham, the mayor under the old charter became *ex officio* president of the board of commissioners, and the four other members were appointed by the governor, to hold the office until 1915, when the positions become elective. The law provides the city with non-partisan primaries, and with the referendum and the recall. All vacancies on the board of commissioners are filled by the governor.

On April 8 the Alabama legislature passed still a third act, making it possible for any city not within the scope of the previous laws to adopt the commission form of government by a popular vote. The measure provides for three commissioners with salaries varying according to the size of the municipality; the mayor under the old charter becomes a commissioner for a limited time, but the two others are in all cases elective. The recall and a referendum limited to franchises are provided for. As in the case of Birmingham, the governor may order an official examination of the city's books at any time. The most interesting feature of this law is the provision for the preferential ballot, a measure first adopted in Grand Junction, Colorado, in 1909. Alabama is the first southern state to adopt this new feature of municipal government. Each voter is permitted to indicate on the ballot his first and second choice for the office to be filled. The candidate receiving a majority of "first choice" votes is elected, but if no one receives such a majority the first and second choice votes for each candidate are added

together, and the one receiving a majority of the combined votes is elected. If in this event no candidate has received a majority, a second election must be held, only the two candidates receiving the highest combined vote in the previous election being eligible. A fourth act, approved April 21, prescribed a form of commission government, to be adopted by popular vote, for cities of class "D" (1,000 to 25,000 population). In June, 1911, the cities of Mobile and Huntsville took advantage of the new laws and adopted the commission form of government by majorities of about two to one. Mobile had long suffered from the effects of boss rule, and the change was strenuously resisted by the local politicians. After the election a committee of thirty citizens was appointed, under the auspices of the Commission Government Association, to devise a method of indorsing two candidates for nomination as commissioners, and it recommended that the friends of the commission government should express their choice by a "straw ballot" printed in the daily papers, and that they should support the men securing the largest "straw" vote. At the election on August 7, the "straw ballot" nominees won over their opponents, who were supported by those unfriendly to the change, by a majority of five to one. In this election the preferential ballot was employed in the south for the first time. The aldermanic government expired at the end of August, and Mobile, like Memphis, became a second time a commission-governed city. Commission government, though relatively late in making its appearance in Alabama, advanced there with wonderful rapidity in a few months, and this state bids fair soon to rival Texas in the number and importance of cities under the new plan.

In addition to the cities whose governments have been described, there are several others which are often incorrectly classified as commission-governed, but whose governments nevertheless show certain deviations from the general aldermanic system. El Paso, for example, has a mayor, four aldermen, and four other elective officers, the remaining officials being appointive. Charlotte, North Carolina, has a board of twenty-one aldermen who have entire control of municipal affairs by their power of appointing the various administrative boards. Waco, Texas, is sometimes included in the list of cities governed by commission, mainly, it seems, because its charter provides for the initiative, referendum and recall:

In 1908 the city council of Staunton, Virginia (pop. 10,604), undertook a very interesting experiment by placing the entire government of the city in the hands of a general manager, with duties like those of the general manager of any corporation. He buys supplies, supervises improvements, and is said to have saved his entire salary the first year in the careful purchase and economical consumption of coal alone. None of these municipalities has a commission government in the proper sense of the term.

After this sketch of the development of commission government in the southern states, the question of the results of the movement naturally arises. How far has the new plan succeeded in remedying the patent defects in the governments which it has supplanted? The answer to this question should be prefaced by a statement of what the plan has not done. In the first place, it has not entirely removed small politics from municipal government; but it has simplified city politics and thus destroyed much of the subtle influence of local politicians. In the second place, it has not greatly changed the personnel of the city officials. In many southern cities a number of the commissioners were office-holders under the aldermanic regime. These men, however, are now in a different situation with regard to the public. The commissioners are few in number and are therefore well-known to the citizen body; they have definite duties, and the average man knows what they are. If things go wrong, they cannot shift the blame to other shoulders. In Birmingham, shortly after the commission government went into operation, several citizens complained to the chief of police that there were a number of places in the city in which young boys were being systematically instructed in various forms of gambling. When that official refused to take action, an appeal was made directly to the commissioner having jurisdiction over the matter, and the places were closed at once. Who would have looked for such a result if the appeal had been made to a ward alderman?

It is from the financial side, however, that the success of city government by commission is most easily determined. As examples of the increased economy resulting from the change in administration, the cases of Galveston and Houston have already been cited. The experience of Austin, Texas, has been somewhat similar. In two years its commissioners paid off overdrafts amounting to \$31,529, redeemed \$29,000 of its bonds, reduced the tax rate twenty-

four cents on the hundred dollars, and at the end of the year had on hand a surplus of \$93,432. When Columbia, South Carolina, inaugurated its new government it faced a deficit of \$80,000; in February, 1911, after eight months of commission administration, there was a cash balance in the treasury of \$19,000, and there were prospects of a lower tax rate and of increased expenditures for public improvements during the current year. In Birmingham, after four months' trial, it was estimated that the change in government would save the city about one hundred thousand dollars annually. In Dallas, Texas, the commissioners in two years wiped out a deficit of \$200,000 and placed a balance in the treasury. Here the citizens were so thoroughly convinced that they were getting value received for every dollar spent that they voted a higher tax rate and thus increased expenditures while reducing the expensiveness of their government.

The ink is still too fresh on the charters of most of the southern cities which have commission government to permit the forming of any opinion as to the final success of the plan. But wherever the new system has received a thorough trial, it has given the citizens general satisfaction and they manifest no desire to re-establish the old form of government. These cities are undoubtedly getting better returns for their expenditures than formerly; their laws are better enforced; and there has been in them a great awakening of civic interest. A complete verdict cannot yet be rendered on every case, but if one must be given on the general situation in the South it will be "so far, so good."

COMMISSION GOVERNMENT IN IOWA: THE DES MOINES PLAN

BY BENJAMIN F. SHAMBAUGH, PH.D.,

Professor of Political Science, State University of Iowa; Superintendent,
State Historical Society of Iowa.

Commission government¹ in Iowa is a municipal experiment in an interesting field. Indeed, not a little surprise has been expressed that this state, which is still generally characterized as an agricultural and stock-raising commonwealth, should have given birth to a plan of municipal reform that within a brief period of three years promises to play an important role in the evolution of city government in the United States. The social and political conditions of Iowa have for the most part been sane and normal; and the people, although progressive, are as a whole neither extreme in their views nor radical in their reforms.

In 1910 the population of the state numbered 2,224,771 persons, of whom 1,117,490 lived in the incorporated towns and cities, which for purposes of state legislation are classified as (a) cities of the first class, having a population of 15,000 or over, (b) cities of the second class, having a population between 2,000 and 15,000, and (c) towns, having a population under 2,000. There are also a few special charter cities—so-called from the fact that they operate under special charters granted by the legislature prior to the adoption of the Constitution of 1857. In 1910 there were, in addition to the 7 cities which had adopted commission government, 4 cities of the first class, 88 cities of the second class, 725 towns, and 5 special charter cities. Moreover, there are in Iowa no really large cities—the largest being Des Moines with a population which does not exceed 90,000.²

Nor has the government of the incorporated municipalities of Iowa been characterized by any striking or unusual features. The organizations of the several classes of cities are and always have

¹The term "Commission Government" was at first somewhat misleading in that the word "commission" has usually implied an appointive body.—*Cf.* Beard's *Digest of Short Ballot Charters*, p. 10201.

²For lists of the towns and cities of Iowa and their population statistics see *The Iowa Official Register* for 1911-1912, pp. 633-653.

been very similar, consisting of a council, a mayor, a clerk, a treasurer, an assessor, a marshal, and other officers necessitated by the size and local conditions of the municipality. In the towns the council, which is a subordinate law-making body, consists of five members, elected at large; while in the cities of the first class and second class the council is made up of one alderman from each ward and two additional aldermen elected at large. The mayor, chosen for a term of two years, appoints such officials as the street commissioner, the city physician, the marshal, and the policemen. In a general way he superintends the administration of city affairs and acts as a conservator of the peace. He presides at the meetings of the council and participates in its deliberations; but he has no vote except in case of a tie. The mayor may veto acts of the council; but by a two-thirds vote the council may pass such acts over the executive disapproval. In short the government of Iowa cities—excepting of course those now operating under the commission plan—is modeled largely upon the so-called Federal Plan, wherein there is a distinct recognition of the principle of the separation of powers with its usual system of checks and balances.³

Again it may be asserted that there has been nothing unusual in the history of municipal administration in Iowa. The results here have been typical—no better and no worse than in other American jurisdictions. To be sure there is nothing in Iowa to parallel the sensational stories of misgovernment furnished by such cities as New York, Philadelphia, St. Louis, and San Francisco. At the same time the municipalities of Iowa from the smallest incorporated towns to the largest cities of the first class have their own record of inefficiency and petty grafting. It is, moreover, an erroneous notion commonly entertained that in municipal affairs maladministration and crookedness are largely if not wholly confined to the larger cities. Whereas, if the evils of partisanship, incompetency, and petty grafting in the towns and cities of Iowa could be massed, the facts and figures would be no less appalling. Indeed, the enormous waste resulting from inefficiency in administration would alone furnish surprising totals.

To be more specific, it may be said that the cities of Iowa large and small have suffered not a little from machine politics and from nearly every form of municipal corruption, but most of all from

³ Cf. Horack's *The Government of Iowa*, pp. 125-130.

inefficient and incompetent administration. In the larger cities like Des Moines the situation has seemed to be more serious. Here the ward system of representation in the council has too often proved a hopeless failure, tending as it does to foster local selfishness, log-rolling, and indifference to the more general interests of the community. Here, too, bribery of voters has at times been practiced, and the stealing of ballot boxes is not unknown. Members of the council have in not a few instances been in "profitable contract relations with the public service corporations." And the city hall was generally "a circumlocution office, where it was usually impossible to find any official who could do more with any petition or complaint than take it under advisement and refer it to somebody else who was equally unwilling to give it attention."⁴

It was not, however, the result of any exposure of municipal corruption nor yet the certain knowledge of enormous waste due to incompetent administration that led the Thirty-second General Assembly in 1907 to make provision for commission government in certain Iowa cities. The action taken by the legislature was clearly the outcome of an agitation begun by Mr. James G. Berryhill and Mr. Harvey Ingham and deliberately carried forward by them and other citizens of Des Moines.⁵

⁴ Hamilton's *The Dethronement of the City Boss*, pp. 59, 92, 93. For an account of the meeting of November 16th, see *The Register and Leader*, Fifty-sixth Year, No. 139, November 18, 1905.

⁵ Mr. Freeman W. Conway and Mr. Charles W. Johnson are credited with "definite utterances" in approval of commission government prior to its advocacy by Berryhill and Ingham. Indeed, as early as 1903, the Committee on Law Reform of the Iowa State Bar Association submitted the following recommendation at the Des Moines meeting, which was held on July 16th and 17th:—

"That the municipal government of cities of Iowa should be vested in a council of three aldermen, whose term of office should be three years, after the first council the members of which should serve respectively one, two and three years, to be determined by lot; thereafter one alderman to be elected annually; such aldermen in all cases to be elected by a vote of the whole city, and vacancies to be filled by special elections; such councils to be vested with all the present powers of city councils, and to elect one of their members as mayor to exercise all the duties of mayor, as defined by law; such aldermen to be paid from two thousand to five thousand dollars per year depending upon the class of the city, with additional compensation to the mayor; all to be fixed by law; the said aldermen and mayor to be required to devote their entire time to the discharge of their duties."—*Proceedings of the Ninth Annual Meeting of the Iowa State Bar Association*, pp. 60, 61.

At the next meeting of the Iowa State Bar Association this recommendation was ably supported by Col. Charles A. Clark, of Cedar Rapids, in a paper covering five pages of the printed *Proceedings*. At the conclusion of the reading of Col. Clark's paper the recommendation of the committee was adopted by the Association.—*Proceedings of the Tenth Annual Meeting of the Iowa State Bar Association*, pp. 59, 129-134.

Mr. Berryhill had become favorably impressed with the plan and workings of commission government in Texas while upon business in the city of Galveston; and through him Mr. Ingham, editor of *The Register and Leader*, was interested in the Galveston charter. Mr. Berryhill was invited to make a public report on the new scheme of municipal administration at a meeting called by the Commercial Club of Des Moines and held on November 16, 1905. The interest and enthusiasm aroused at this meeting led to the definite organization of a propaganda for the adoption of a similar plan of government by Des Moines. "Other meetings were held and a standing committee of two hundred citizens named. A sub-committee was appointed to draft a new form of government for the city, with the understanding that the Galveston charter was to be broadly followed as a model."⁶

In due time and after no little discussion a commission charter was framed in the form of a bill and introduced in the General Assembly which was then (1906) in session.⁷ At that time there was among the citizens of Des Moines a sharp division of opinion as to the value of the proposed plan; while among the legislators the scheme was regarded as decidedly visionary and impracticable. The politicians, very naturally, were opposed to legislation which threatened the existence of the machine. As a consequence the proposed bill did not become a law; it died in committee. But the reform movement did not die with the bill. Indeed, it now became a part of the "boosting" program of the Greater Des Moines Committee. Especially did Mr. Ingham further the agitation through the columns of matter which appeared on his editorial page in *The Register and Leader*. Much effective work was also done in this campaign of education by Mr. Lafayette Young, editor of *The Des Moines Capital*, and Mr. Wm. G. Hale, editor of *The Des Moines News*.⁸

The gospel of commission government now spread rapidly. A large number of citizens became deeply interested. Some were enthusiastically for the new plan; while others were just as vigorous in their opposition. The scheme was discussed from every

⁶ Hamilton's *The Dethronement of the City Boss*, p. 105.

⁷ This bill, introduced in the Senate as File No. 101 and in the House as File No. 127, was entitled "A Bill for an Act to provide for the Government of Certain Cities. (Amending Title V of the Code.)"

⁸ Hamilton's *The Dethronement of the City Boss*, p. 107.

possible viewpoint. It was compared with other plans for municipal reformation. For a while the "Indianapolis Plan" was a formidable rival for public favor. As a means of ascertaining public sentiment a newspaper ballot was taken by both *The Register and Leader* and *The Des Moines Capital*.⁹ On January 31, 1907, a joint discussion was held in public at which three hundred citizens were named by the Commercial Club to act as a jury. The Galveston Plan won the decision by a considerable majority. Then followed the appointment of a charter committee consisting of Messrs. James G. Berryhill, William H. Baily, I. M. Earle, John M. Read, and Silas B. Allen.¹⁰ By this committee the "Des Moines Plan" of commission government was framed and submitted to the Thirty-second General Assembly by which it was written into the statute laws of the state under the title of "An Act to provide for the government of certain cities, and the adoption thereof by special election," approved March 29, 1907.¹¹

Thus after nearly two years of active agitation and intensive discussion commission government was established in Iowa. The successful outcome of the agitation was due partly to the reform spirit of the times, partly to the cumulative efforts of a group of Des Moines citizens who had for years worked courageously for better city government, and partly to the enthusiasm of men like Mr. Berryhill and Mr. Ingham who espoused the cause of commission government as a business proposition and a sure means of municipal salvation.

The act of the Thirty-second General Assembly establishing commission government, or what has come to be very generally

⁹ The replies to the letter of inquiry sent out by *The Register and Leader* were published in full. A summary of the views expressed show: 117 for a change in the city charter; 3 against a change; 62 for the Galveston Plan; 26 for the Indianapolis Plan; 13 had no choice; 16 for the elimination of partisanship; 24 for the proposed Berryhill-Baily discussion; and 2 opposed to such a discussion.—*The Register and Leader*, Vol. LVII, No. 195, January 13, 1907.

The Capital ballot stood as follows: 1,094 for a change; 23 against a change; 606 for the Galveston Plan, and 412 for the Indianapolis Plan.—Hamilton's *The Dethronement of the City Boss*, p. 109.

¹⁰ *The Des Moines Capital*, Vol. XXIII, No. 310, February 1, 1907; *The Register and Leader*, Vol. LVII, No. 215, February 2, 1907.

¹¹ *Laws of Iowa*, 1907, p. 38. Should the population of any city operating under commission government show a decrease by a subsequent census no such reduction "shall have any effect upon the organization, rights, powers, duties or obligations of such city or any of its officers, but the same shall continue and remain as though no such reduction or apparent reduction of population was made to appear."—*Laws of Iowa*, 1911, p. 40.

known as the Des Moines Plan, went into effect on April 1, 1907, and not long thereafter was adopted by the cities of Des Moines and Cedar Rapids. Under the provisions of the act of 1907 only cities of the first class or with special charters, having a population of 25,000 or over, could take advantage of the plan; but two years later (1909) the original act was so modified as to include any city having a population of 7,000 or over.¹² Other modifications were made both by the Thirty-third General Assembly in 1909 and by the Thirty-fourth General Assembly in 1911,¹³ but the Des Moines Plan in all of its essential and characteristic features stands to-day as originally outlined by the charter committee of Des Moines citizens.

Although suggested by and modeled upon the Galveston Plan, the Des Moines Plan is something more than a revised and improved edition of the Galveston charter; it is a distinct species of commission government. Its framers, while endeavoring to "enable the people of Des Moines to free themselves permanently from the burdens of bad government," sought to produce a charter in which democracy and efficiency would be combined "in the greatest practicable degree."¹⁴ And so upon the Galveston charter they engrafted the newer institutional forms of democracy such as the non-partisan primary, the initiative, the protest, the referendum, the recall, and the merit system. It cannot, of course, be claimed that any of the cardinal features of the Des Moines Plan are new inventions in the history of government. On the contrary its principles are but appropriations and adaptations from the charters and experiences of other cities and jurisdictions. Nevertheless the combination of principles and institutions and their adaptation to the exigencies of modern urban conditions sufficiently warrant the claim that the plan as a whole is a new and distinct species of city government in the same sense in which it may be claimed that the Constitution of the United States—the framers of which drew most heavily upon the first state constitutions and the political experiences of the Colonies—really gave to the world a new form of national government.

Commission government in Iowa is not forced upon any class of towns or cities; on the contrary, its establishment is optional with

¹² *Laws of Iowa*, 1909, p. 53.

¹³ *Laws of Iowa*, 1909, pp. 53-63; *Laws of Iowa*, 1911, pp. 37-40.

¹⁴ Hamilton's *The Dethronement of the City Boss*, pp. 64, 69.

the people. To bring about its adoption and organization in any city of the state having the requisite population of at least 7,000 it is only necessary for a certain number of electors¹⁵ to petition for the submission of the question to a vote of the people. A special election is held upon the proclamation of the mayor. Should the plan be rejected at this election, the question to adopt may not again be submitted within a period of two years thereafter. If, however, the plan is approved the people proceed at the next regular city election (or at a special election if the regular election does not occur within a year) to the selection of a mayor and councilmen. Organization of the new government is effected on the first Monday after the election of officers when the mayor and councilmen meet, make the required assignment of departments, and elect the principal city officers.¹⁶

All laws of the state governing cities of the first and second class, including the code provisions relative to special charter cities, and not inconsistent with the provisions of the commission act, continue to apply to and govern the new organization; and until altered or repealed by the new council all by-laws, ordinances and resolutions in force under the former city organization remain in full force and effect under the commission organization. The territorial limits of the city remain the same as under the old organization; and the rights and property vested in the city under its former organization remain undisturbed by the change. Moreover, any city which shall have operated for more than six years under the commission plan may, by voting to do so, abandon such organization and accept the government provided by the general state law for cities of its class.¹⁷

Commission government under the Des Moines Plan is really a very simple affair. It is not only simple but direct. It organizes the city as a unit, making it possible for the people at all times to act "together along simple and direct lines." The government consists primarily of a council, which is composed of a mayor and four

¹⁵ The number must equal twenty-five per cent of the votes cast for all candidates for mayor at the last preceding city election. If the city is located in two or more townships the petition must be signed by ten per cent of the qualified electors of the city resident in each township.—*Laws of Iowa*, 1909, pp. 53, 54; *Laws of Iowa*, 1911, p. 37.

¹⁶ The council may elect the officers named in the statute at this first meeting "or as soon as practicable thereafter."—*Laws of Iowa*, 1909, p. 57.

¹⁷ *Laws of Iowa*, 1907, p. 48; *Laws of Iowa*, 1909, p. 58.

councilmen in cities having a population of 25,000 or over, or of a mayor and two councilmen in cities having a population of 7,000 and less than 25,000. The members of this council are nominated and elected at large, hold office for the term of two years, and receive a stipulated salary for their services.¹⁸ It is upon the members of this governing council (which constitutes the commission) that the law confers "all executive, legislative and judicial powers and duties" possessed by the government and officers of cities of the first and second class and those under special charter.¹⁹

All other officers and assistants, including a city clerk, a solicitor, an assessor, a treasurer, an auditor, a civil engineer, a city physician, a marshal, a market master, a street commissioner, three library trustees, "and such other officers and assistants as shall be provided for by ordinance and necessary to the proper and efficient conduct of the affairs of the city" are elected by a majority vote of the council. And "any officer or assistant elected or appointed by the council may be removed from office at any time by vote of a majority of the members of the council."²⁰ In cities of the first class, not having a superior court, the council is directed to appoint a police judge; while in cities of the second class, not having a

¹⁸ In cities having a population of 7,000 and less than 10,000 the salary of mayor is \$800, of councilman \$450; in cities having a population of 10,000 and less than 15,000 the salary of mayor \$1,200, of councilman \$900; in cities having a population of 15,000 and less than 25,000 the salary of mayor is \$1,500, of councilman \$1,200; in cities having a population of 25,000 and less than 40,000 the salary of mayor is \$2,500, of councilman \$1,800; in cities having a population of 40,000 and less than 60,000 the salary of the mayor is \$3,000, of councilman \$2,500; and in cities having a population of 60,000 or more the salary of the mayor is \$3,500, of councilman \$3,000.—*Laws of Iowa*, 1909, p. 58.

¹⁹ The exact wording of the clause conferring powers and duties upon the council is as follows:—

"The council shall have and possess, and the council and its members shall exercise all executive, legislative and judicial powers and duties now had, possessed and exercised by the mayor, city council, solicitor, assessor, treasurer, auditor, city engineer and other executive and administrative officers in cities of the first and second class, and in cities under special charter, and shall also possess and exercise all executive, legislative and judicial powers and duties now had and exercised by the board of public works, park commissioners, the board of police and fire commissioners, board of water works trustees, and board of library trustees in all cities wherein a board of public works, park commissioners, board of police and fire commissioners, board of water works trustees, and board of library trustees now exist or may be hereafter created."—*Laws of Iowa*, 1909, p. 57.

²⁰ "In cities having a population of less than twenty-five thousand such only of the above named officers shall be appointed as may, in the judgment of the mayor and councilmen be necessary for the proper and efficient transaction of the affairs of the city."—*Laws of Iowa*, 1909, p. 57.

The power of removal in certain cases is of course conditioned by civil service regulations.

superior court, the mayor is directed to hold police court as provided by law. The council, moreover, is empowered to create, fill, and discontinue offices and employments according to their judgment of the needs of the city.

Thus in the Des Moines Plan authority and responsibility are drawn together, unified, and consolidated in the hands of a very few officers—the members of the council. The old principle of the separation of powers is ignored, and within the organization itself there is practically no provision for checks and balances. This does not mean, however, that the Des Moines Plan is a scheme of absolute government; for in the initiative, the protest, the referendum, and the recall the electorate possesses adequate checks upon the government. Indeed, the thorough-going democracy of the Des Moines Plan is clearly seen in the institutional forms of popular government which determine the relation between the members of the council and the electorate. It is safe to say that commission government is the most democratic of all forms of municipal organization thus far devised. •

The mayor and councilmen, being the only elective officers under the Des Moines Plan, the benefits and advantages of short ballot government are secured to the commission cities of Iowa. Indeed, commission government is short ballot government.²¹ Furthermore the few elective officers are nominated and chosen at large, by the process of a non-partisan double election.²² The first election, which is held on the second Monday preceding the general municipal election, is a non-partisan primary at which any elector of the city may become a candidate for mayor or councilman and request that his name be placed upon the official primary ballot, provided he files at the same time a petition signed by at least twenty-five electors requesting his candidacy. On the official primary ballot all the names of the qualified candidates are printed in alphabetical order—the names of the candidates for mayor appearing in a list at the top of the ballot, followed below by a list of the candidates for councilman.

²¹ The Des Moines Plan conforms to the short ballot principle of "conspicuous responsibility" since under its provisions only those offices are elective "which are important enough to attract (and deserve) public examination," and very few offices are filled by election at one time.—See definition of "Short Ballot Charter" in Beard's *Digest of Short Ballot Charters*, p. 10201.

²² The double election was made a feature of the Des Moines Plan upon the suggestion of Governor A. B. Cummins.—Hamilton's *The Dethronement of the City Boss*, pp. 158, 159.

At the first or primary election the persons qualified to vote at the general municipal election may vote for only one of the candidates for mayor and for not more than four (or two as the case may be) of the candidates for councilman by placing a cross in the square which appears in front of the names of his choice. The method of conducting this primary election is in all respects the same as prescribed for the general municipal elections.²³

At the next general municipal election following the first or primary election the two candidates receiving the highest number of votes for mayor at the first election are the only candidates for mayor whose names may appear on the official ballot; and the eight (or four as the case may be) candidates receiving the highest number of votes for councilman at the first election are the only candidates for councilman whose names may appear on the official ballot at the final election. At this second election the candidate receiving the highest number of votes for mayor is declared elected and the four (or two as the case may be) candidates for councilman receiving the highest number of votes for councilman are declared to be the duly elected members of the council. Should any vacancy occur in the council the remaining members are empowered to fill the position by the appointment of a person for the balance of the unexpired term.

For the prevention of corrupt practices at elections held under the commission plan, the statute provides that "any person who shall agree to perform any services in the interest of any candidate for any office . . . in consideration of any money or other valuable thing . . . shall be punished by a fine not exceeding three hundred dollars (\$300), or be imprisoned in the county jail not exceeding thirty (30) days." Again "any person offering to give a bribe, either in money or other consideration, to any elector for the purpose of influencing his vote at any election provided in this act, or any elector entitled to vote at any such election receiving and accepting such bribe or other consideration; any person making false answer to any of the provisions of this act relative to his qualifications to vote at said election; any person wilfully voting or offering to vote at such election who has not been a resident of this state for six months next preceding said election, or who is not twenty-one years of age, or is not a citizen of the United States;

²³ *Laws of Iowa*, 1909, pp. 54, 55, 56.

or knowing himself not to be a qualified elector of such precinct where he offers to vote; any person knowingly procuring, aiding or abetting any violation hereof shall be deemed guilty of a misdemeanor and upon conviction shall be fined a sum not less than one hundred dollars (\$100), nor more than five hundred dollars (\$500), and be imprisoned in the county jail not less than ten (10) or more than ninety (90) days."

One of the aims of the Des Moines Plan is to rid the government of machine politics and boss rule. And so both the first and second election are placed upon a strictly non-partisan basis. "No party designation or mark whatsoever" is permitted on the official ballots. For an officer or employee to attempt to influence the political views of other officers or employees or induce them to support a particular person or candidate for office or to make any kind of contribution for election purposes constitutes a misdemeanor for which the guilty person may be fined or imprisoned. Moreover, members of the fire and police departments are specifically prohibited from contributing "any money or anything of value to any candidate for nomination or election to any office or to any campaign or political committee."²⁴

To secure the responsibility of the members of the council directly to the people, the Des Moines Plan makes provision for their possible removal from office by the process known as the recall. Thus, should the conduct of a member of the council become intolerable a petition signed by a given number of electors²⁵ demanding an election of a successor to the person sought to be removed and setting forth the grounds for which the removal is sought is filed with the city clerk, who carefully examines its sufficiency and transmits it to the council. The council thereupon makes the necessary provisions for the election, which is conducted in all respects as are other city elections. The person "sought to be removed may be a candidate to succeed himself, and unless he requests otherwise in writing, the clerk shall place his name on the official ballot, without nomination." Other candidates for the position may have their names placed upon the official ballot without the intervention of a primary election by filing with the clerk a statement of candidacy accompanied by a petition signed by a

²⁴ *Laws of Iowa*, 1907, pp. 44, 46; *Laws of Iowa*, 1911, p. 39.

²⁵ The number must equal at least twenty-five per cent of all the votes cast for mayor at the last preceding city election.—*Laws of Iowa*, 1907, p. 47.

specified number²⁶ of electors. The candidate who receives the highest number of votes at this election is qualified to hold the office during the unexpired term of his predecessor. If, however the person who receives the highest vote does not accept the office the position is deemed vacant.²⁷ Moreover, this method of removal is expressly declared to be "cumulative and additional to the methods heretofore provided by law."

For the better and more business-like conduct of the affairs of cities operating under the Des Moines Plan, the executive and administrative powers and duties are distributed by the council among five departments which are known as (1) the department of public affairs, (2) the department of accounts and finances, (3) the department of public safety, (4) the department of streets and public improvements, and (5) the department of parks and public property. The powers and duties belonging to each department are determined by the council, which also prescribes and defines the powers and duties to be exercised by all other city officers, assistants, and employees and assigns each to one or more of the departments.²⁸

It is specifically provided by statute that the mayor "shall be superintendent of the department of public affairs, and the council shall at the first regular meeting after election of its members designate by majority vote one councilman to be superintendent of the department of accounts and finances; one to be superintendent of the department of public safety; one to be superintendent of the department of streets and public improvements; and one to be superintendent of the department of parks and public property." In cities having a population of less than 25,000 each of the two councilmen is assigned two of the departments named. Moreover, the organization of the council is elastic since the assignment of departments may be changed by the council "whenever it appears that the public service would be benefited thereby."²⁹ Thus through the division and specific designation of powers and duties among the members of the council, the fixing of individual responsi-

²⁶ The number in this case must equal at least ten per cent of all the votes cast for mayor at the last preceding city election.—*Laws of Iowa*, 1909, p. 59.

²⁷ It would doubtless be fair to presume that such a vacancy could be filled by the city council.

²⁸ *Laws of Iowa*, 1909, p. 57.

²⁹ *Laws of Iowa*, 1909, p. 57.

bility for the conduct of the public business becomes possible under the Des Moines Plan.

The council is required by statute to meet on the first Monday after their election and at least once each month thereafter. As a matter of fact it meets from one to three times each week and the members of the council are at their desks in the city hall every day. Its sessions are not necessarily open to the public, except those "at which any person not a city officer is admitted."³⁰ The mayor, who is designated as the president of the council, presides at all of its meetings; while the superintendent of the department of accounts and finances, who is named as the vice-president of the council, performs all of the duties of mayor in case of a vacancy or in the absence or inability of that officer. Each member of the council has the right to vote on any and all questions coming before the council, no matter whether it concerns his department or the department of another member. The number constituting a quorum depends upon the size of the council; in cities having a mayor and four councilmen it is three; in cities having a mayor and two councilmen it is two. The number of affirmative votes necessary to the adoption of any motion, resolution or ordinance, or the passage of any measure whatsoever is three in the larger council and two in the smaller. Every motion, resolution, or ordinance is reduced to writing before being voted upon, and upon every vote the yeas and nays are called and recorded.³¹

In the Des Moines Plan the members of the council are equal in dignity and authority—excepting the mayor, whose position is slightly more conspicuous if not much more important. He enjoys the title of mayor and is elected as such by the people. He is president of the council, presides over its deliberations, signs all of its resolutions and ordinances, but has no veto power. Besides holding the portfolio of the department of public affairs, the mayor is given a supervisory power over all other departments; and he may report to the council for its action, matters pertaining to any department which in his judgment require attention. Finally, he receives a salary somewhat larger than that allowed the other members of the council. Filled by a man of energy, ability, and aggressive personality, the position of mayor could easily become one of dominating influence.

³⁰ *Laws of Iowa*, 1907, p. 43.

³¹ *Laws of Iowa*, 1907, p. 42; *Laws of Iowa*, 1909, p. 57.

To eliminate certain improper influences and the temptation to act otherwise than in the interest of the public, officers and employees are prohibited from being interested directly or indirectly in any contract or job for work or materials or services to be furnished or performed for the city. Nor may officers and employees have an interest direct or indirect in any contract or job for work or materials or services to be furnished or performed for "any person, firm or corporation operating interurban railway, street railway, gas works, water works, electric light or power plant, heating plant, telegraph line, telephone exchange or other public utility within the territorial limits of the said city." Finally they are prevented from accepting special favors, such as franks and passes, from any of the public service corporations operating within the city.³²

The voting of appropriations, the ordering of improvements, the making of contracts, and the granting of franchises are checked and safeguarded by the specific publicity requirement that "every ordinance or resolution appropriating money or ordering any street improvement or sewer, or making or authorizing the making of any contract, or granting any franchise or right to occupy or use the streets, highways, bridges, or public places in the city for any purpose, shall be complete in the form in which it is finally passed, and remain on file with the city clerk for public inspection at least one week before the final passage or adoption thereof."³³

The Des Moines Plan does not contemplate municipal ownership and operation of public utilities. But that franchises may rest upon popular sanction it is provided that "no franchise or right to occupy or use the streets, highways, bridges or public places in any such city shall be granted, renewed or extended, except by ordinance, and every franchise or grant for interurban or street railways, gas or water works, electric light or power plants, heating plants, telegraph or telephone systems, or other public service utilities within said city, must be authorized or approved by a majority of the electors voting thereon at a general or special election."³⁴

Moreover, under the Des Moines Plan the people not only have

³² The prohibition of free transportation does not apply to policemen or firemen in uniform.—*Laws of Iowa*, 1907, p. 44.

³³ *Laws of Iowa*, 1907, pp. 43, 44.

³⁴ *Laws of Iowa*, 1907, p. 44.

a veto, through compulsory referendum, upon the granting of franchises, but through the institution of the protest they may check the enactment by the council of any ordinance whatsoever. Thus, no ordinance passed by the council (except when otherwise required by general law or in cases of urgency)³⁵ "shall go into effect before ten days from the time of its final passage;" and if during those ten days a petition signed by the requisite number of electors, protesting against the passage of the ordinance, is presented to the council "the same shall thereupon be suspended from going into operation, and it shall be the duty of the council to reconsider such ordinance; and if the same is not entirely repealed, the council shall submit the ordinance . . . to the vote of the electors of the city, either at the general election or at a special municipal election to be called for that purpose; and such ordinance shall not go into effect or become operative unless a majority of the qualified electors voting on the same shall vote in favor thereof."³⁶

Effective as are the protest and the referendum as popular checks upon undesirable, not to say improper, legislation, they are after all only the negative instruments of democracy; they can prevent unwise or unpopular measures, but they cannot absolutely compel the adoption of desired acts. And so, that the wishes of the people for the adoption of specific measures may not be thwarted by a do-nothing government, the Des Moines Plan includes the institution of the popular initiative. In the commission cities of Iowa any proposed ordinance may at any time be submitted to the council by petition from the electors,³⁷ who may at the same time request that such ordinance be submitted to a vote of the people if it is not passed by the council. Upon receiving such petition and request the council may, within twenty days, pass the desired ordinance without alteration, or may submit it without alteration to a vote of the people. If the ordinance is approved by the electors it becomes a valid and binding ordinance of the city. Furthermore, "any ordinance proposed by petition, or which shall be adopted by

³⁵ The exception is worded as follows: "Except when otherwise required by the general laws of the state or by the provisions of this act, except an ordinance for the immediate preservation of the public peace, health or safety, which contains a statement of its urgency and is passed by a two-thirds vote of the council."—*Laws of Iowa, 1907*, p. 48.

³⁶ *Laws of Iowa, 1907*, p. 48.

³⁷ The number of petitioners must equal twenty-five per cent of all votes cast for mayor at the last preceding city election.—*Laws of Iowa, 1907*, p. 47.

a vote of the people, cannot be repealed or amended except by a vote of the people"; but the council may submit a proposition for the amendment or repeal of any such ordinance at any succeeding general city election.³⁸

Publicity is fully guaranteed under the Des Moines Plan since the council is required to print monthly in pamphlet form a "detailed itemized statement of all receipts and expenses of the city and a summary of its proceedings during the preceding month," and at the end of each year to have all the books and accounts of the city examined by competent accountants and to publish the results of such examinations.³⁹ Moreover, every motion, resolution, or ordinance must be reduced to writing and the yea and nay vote thereon recorded; every ordinance or resolution appropriating money, or ordering street or sewer improvements, or making or authorizing the making of a contract, or granting any franchise must remain on file with the city clerk for public inspection at least one week before its final passage; meetings of the council to which anyone not a city officer is admitted are open to the public; and publication in detail of campaign contributions and expenses is required of the elective officers.

By the framers of the Des Moines Plan a thorough-going merit system was without question regarded as essential to good government and altogether necessary to non-partisan administration. And so, provision was made for a civil service commission consisting of three persons appointed by the council for a term of six years, and removable for cause at any time by a four-fifths vote of the council. In cities having a population of 25,000 or over the appointment of such a civil service commission is compulsory, while in cities having a population of 7,000 and less than 25,000 its creation is left to the discretion of the council. When, however, no commissioners are appointed in any commission governed city, the council in that city acts as the civil service commission.⁴⁰

With the exception of the elective positions and those specifically designated—such as city clerk, solicitor, assessor, treasurer, auditor, civil engineer, city physician, marshal, market master, street commissioner, library trustees, "commissioners of any kind (laborers whose occupation requires no special skill or fitness), election

³⁸ *Laws of Iowa*, 1907, p. 48.

³⁹ *Laws of Iowa*, 1907, p. 46.

⁴⁰ *Laws of Iowa*, 1909, p. 58.

officials, and mayor's secretary and assistant solicitor"—all appointive officers and employees are elected by the council from lists of persons selected by civil service examinations conducted semi-annually by the commission and certified by them to the council.⁴¹ Persons holding civil service positions may be removed by a majority vote of the civil service commissioners for misconduct or failure to perform properly their duties under rules and regulations prescribed by the council.⁴² The commission reports annually to the council, and submits special reports whenever requested.

Since the establishment of commission government in Iowa in 1907, three cities of the first class, two of the second class, and two with special charters have adopted the plan. Under the provisions of the act of 1907 only seven cities had the requisite population of 25,000 or over; while under the amendment of 1909 the new plan was opened to nineteen cities. Des Moines, for the relief of which as a matter of fact the commission scheme was originally written into the statutes of the state, was the first to adopt the plan at a special election held on June 20, 1907—the vote being 6,376 for and 2,087 against. The second adoption was by Cedar Rapids on December 2, 1907, where the plan carried by the small margin of thirty-three votes on a light poll.⁴³ Since 1907 five additional adoptions have been accomplished as follows: Keokuk on July 1, 1909; Burlington on November 29, 1909; Sioux City on February 16, 1910; Marshalltown on July 15, 1910; and Fort Dodge on August 15, 1910. It is of interest to note that in 1908 Sioux City rejected the plan by a majority of 328 votes, but recorded a majority of 753 for adoption in 1910. Davenport rejected the plan by a majority of 398 in January, 1908.⁴⁴ The exact dates upon which commission government went into operation in the seven cities which have adopted the plan are: Des Moines and Cedar Rapids, April 6, 1908; Keokuk, Burlington, and Sioux City, April 4, 1910; Marshalltown and Fort Dodge, April 3, 1911.

⁴¹ Originally the chief of the fire department was appointed by the council and did not belong to the civil service. But in 1911 the General Assembly empowered the civil service commission to appoint the chief of the fire department.—*Laws of Iowa*, 1911, p. 39.

⁴² Ample provisions are made for appeals and hearings in cases of suspension or removal from office.—*Laws of Iowa*, 1911, pp. 38, 39.

⁴³ An account of the campaign for adoption may be found in Chapter XIV of Hamilton's *The Dethronement of the City Boss*.

⁴⁴ *Davenport Times*, January 13, 1908.

The Des Moines Plan has, moreover, stood the test of judicial construction in both the District Court and the Supreme Court. Its constitutional status was ably discussed and the legality of its provisions first fully upheld by James A. Howe, Judge of the District Court for Polk County, in an opinion⁴⁵ rendered on November 23, 1907. The case was then appealed to the Supreme Court where it was finally determined at the January term in 1908 and reported as "S. A. Eckerson, Appellant *vs.* City of Des Moines *et al.*, Appellees; A. M. Houston *et al.*, Interveners, Appellants."⁴⁶ The decision, which was written by Justice Charles A. Bishop is comprehensive and on every count affirms the ruling of the lower court. The objections to the plan, both in the lower court and in the Supreme Court, were for the most part based upon constitutional grounds.

Briefly, it was contended that the plan violated the provision of the Constitution of the United States which guarantees to the states a republican form of government; that it contravened the state constitution, which provides that the powers of the government shall be divided into three departments (legislative, executive, and judicial) and that persons charged with the exercise of powers properly belonging to one department shall not perform functions appertaining to either of the others; that in establishing commission government the General Assembly violated the constitutional provision against local and special laws for the incorporation of cities and towns; that the classification of cities provided in the act is unwarranted because it is arbitrary and because it is not shown that conditions call for any such classification; that the state law is not uniform in its operation; that to provide for adoption by a vote of the people is an unwarranted delegation of legislative power; that the recall would deprive persons of their constitutional right to certain offices; that the initiative and referendum are repugnant to the state constitution, which vests all legislative authority in the General Assembly; and that the provision limiting the names which appear on ballots deprives the voter of his constitutional right to vote for anyone he chooses. Without going into the arguments as presented by Justice Bishop, it is perhaps sufficient in this connection to say that the objections cited were all overruled and the

⁴⁵ Judge Howe's opinion is given in full as Appendix E in Hamilton's *The Dethronement of the City Boss*.

⁴⁶ See 137 Iowa, 452.

validity of the commission plan was sustained on every count by the Supreme Court.

The time during which the Des Moines Plan has been in operation is too brief and the number of municipalities carrying on the experiment too small to warrant generalization on the merits of the scheme from experience. Indeed, it will take many times three years and many more than seven cities to afford a sufficient basis for empirical conclusions as to the permanent value of commission government in Iowa. At the same time it must be admitted that present indications seem to point in the direction of permanent success. In the first place it may be confidently asserted that in the cities operating under commission government a very large majority of the people are satisfied with the results—at least they could not now be induced to go back to the old Federal Plan of mayor and council. Where hopes and anticipations were too high, where the people expected too much of the new organization, there are naturally some signs of disappointment.

Generally speaking, in the commission governed cities of Iowa the people have been aroused to a new sense of civic responsibility. They are more actively concerned in the problems of public welfare, and they seem possessed of a wholesome spirit of hopefulness. Public opinion has been unified and makes itself felt along direct lines. Will this state of mind continue for any length of time? Or, is it born simply of the enthusiasm for change? The most conspicuous gain is seen in the fact that everywhere the old political machine has been smashed, bosses dethroned, and ward politics wiped out. Thus far there have been no conspicuous evidences of graft; and appointments have for the most part been made upon merit instead of for political or personal considerations. Moreover, the relations between the city and the franchise-holding corporations have been altogether freer and have been maintained with less friction than under the old system. Public affairs have been put upon a business basis, and up-to-date business methods are everywhere employed. Bookkeeping and accounting have been reduced to an intelligible system. Streets and alleys are better improved and cleaned. The complaints, requests, and petitions of the citizens receive immediate attention. Promptness has taken the place of hopeless procrastination. Policies of the government are unified, and the administration generally is more economical and

more efficient. Laws, especially those preventing or regulating vice, are better and more uniformly enforced.

Perhaps the greatest disappointment in the workings of the Des Moines Plan in Iowa is in the selection of the members of the council, for it is a fact that the elections have not always resulted in the selection of really capable and efficient men. To be sure the commission councils have thus far seemed to average higher and better all around than the councils under the old organizations; but the new plan by placing greater responsibility upon the elective officers requires a correspondingly higher grade of competency. To the observer it would appear that neither the electorate nor the council are sufficiently impressed with the great necessity of efficiency in the selection of men for public positions. Nor has the best talent thus far been attracted to the elective positions. This is not surprising in view of the small salaries allowed and the absence of compelling ideals of devotion to the public service. From the standpoint of the salaries paid it cannot be complained that the commission cities do not receive a *quid pro quo*.

On the whole the Des Moines Plan is an improvement and its widespread adoption will, it is believed, further the interests of good city government in Iowa. Much will depend upon the intelligence, the alertness, and the ideals of the electorate.

"But, lastly, when all is said, there is hardly one frame of government in the world so ill designed by its first founders, that, in good hands, would not do well enough; and story tells us, the best, in ill ones, can do nothing that is great or good. . . . Governments, like clocks, go from the motion men give them; and as governments are made and moved by men, so by them they are ruined too. Wherefore governments rather depend upon men, than men upon governments. Let men be good, and the government cannot be bad; if it be ill, they will cure it. But, if men be bad, let the government be never so good, they will endeavor to warp and spoil it to their turn.

"I know some say, let us have good laws, and no matter for the men that execute them: but let them consider, that though good laws do well, good men do better; for good laws may want good men, and be abolished or evaded by ill men; but good men will never want good laws, nor suffer ill ones. It is true, good laws have some awe upon ill ministers, but that is where they have not

power to escape or abolish them, and the people are generally wise and good; but a loose and depraved people (which is the question) love laws and an administration like themselves. That, therefore, which makes a good constitution, must keep it, viz., men of wisdom and virtue."⁴⁷

⁴⁷ From the preface to William Penn's *Frame of Government for Pennsylvania*, 1682.—Poore's *Charters and Constitutions*, Vol. II, p. 1519.

COMMISSION GOVERNMENT IN KANSAS¹

BY FRANK GREENE BATES,
Brown University.

The cities of Kansas are by law divided into three classes. The first class includes all cities of over fifteen thousand inhabitants; the second class those over two thousand, but not over fifteen thousand; and the third, all incorporated places of not over two thousand population. The statute book contains a complete code for the government of each class. Cities of the first and second classes are by law permitted to adopt the commission form of government. There are nine cities of the first class and seventy-two of the second class. Of the third class, no complete list is available.

Throughout its history, Kansas has not hesitated to lead in the testing of new political theories and has repeatedly offered itself as a field for experiment in the realms of government and economics. Attracted by the widely heralded success of the new city government of Galveston, the people of Kansas believed that here was a new idea worthy of a fair trial. Accordingly the legislature in 1907, while the Des Moines law was still in the making, passed two laws authorizing the adoption of the "Texas Idea" by cities of the first and second classes. The law for first class cities was practically a re-enactment of the existing law for cities of that class, substituting for mayor and council, a board of five members, elected on a general ticket every two years. The law for cities of the second class adopted the chief features of the Galveston plan with three commissioners elected at large for three years, one retiring each year. Both of these laws bore evidences of haste in drafting and serious defects were apparent. Within the first two years, not more than two or three towns had voted to adopt the new form, though at the same time much interest had been aroused through press discussions of the "Des Moines Plan." The state chanced just then to be passing through a period

¹ In this article the writer has incorporated certain passages and conclusions from a paper by him published in the Proceedings of the American Political Science Association for 1910.

of reform agitation, which brought about a political revolution within the dominant party. This period of political introspection led as never before to an appreciation of the evils existing under the old council system of government as it had been conducted. In the search for something better the "commission plan" offered itself as a way out and into a straighter road.

In response to a general demand, the legislature of 1909 enacted two statutes on the subject. In the case of cities of the first class the new act took the form of an amendment to the corresponding act of 1907, and introduced most of the features of the Des Moines law. The board of commissioners consists as before, of a mayor and four commissioners, chosen biennially on a general ticket. The board is the successor to all the powers of the mayor and council, and the sections enumerating those powers are for the most part a repetition of the corresponding portions of the general law for cities of this class. It is remarkable that in this progressive state there is yet shown no tendency toward municipal home rule and away from the traditional strict enumeration of municipal powers. The mayor is the commissioner of the police and fire departments. The other departments, each in charge of a commissioner, are finance and revenue, water works and street lighting, streets and public improvements, and parks and public property. The latter includes the health department. The officers specifically mentioned to be appointed are the attorney, clerk, treasurer, auditor, engineer, superintendent of streets, superintendent of water works, secretary of water works, fire marshal, chief of police, physician, police judge, superintendent of parks, and assessor. The term of all these officers expires with that of the board itself. All other officers and employees, except unskilled laborers, are selected on a basis of merit as determined by a civil service commission. This commission is sworn "to endeavor to secure and maintain an honest and efficient force, free from partisan influence or control." Each commissioner is held personally liable for expenditures in excess of appropriations.

In drafting new legislation for cities of the second class in 1909 the law of 1907 was repealed and a new act based directly on the Des Moines law was substituted. The act does not concern itself with questions of function but is confined to matters of organization and administration. The commissioners, three in number, are

chosen for a term of three years, one retiring each year. All other important officers are appointed for a fixed term of two years. The mayor is commissioner of police, fire and health. One commissioner is at the head of the department of finance and revenue, while the other is in charge of streets and public utilities. The liability of the commissioners for expenditures in excess of the appropriations is the same as in the case of cities of the first class. In addition, there is provision for the referendum, at the request of ten per cent of the voters, on propositions initiated by petition. The people may, on petition of twenty-five per cent, suspend any ordinance passed by the commission until it has been submitted to a popular vote. The referendum on franchise ordinances is compulsory.

The response to the new legislation was prompt. At the end of the first year, nineteen cities had voted to accept its provisions. These varied widely in population, ranging from Anthony, with a population of only two thousand, to Kansas City, with eighty thousand. The motives impelling to the change were various. Occasionally, charges of graft and corruption were alleged, but in most cases the protest was against the general inefficiency which had grown up under the old system. Diffusion of responsibility, exasperating delays, and lack of business methods were the grounds of complaints. In certain cases, on the contrary, affairs had been conducted with honesty and a reasonable degree of efficiency, so that the novelty of the proposal was its chief recommendation.

A critical examination of the Kansas laws as they stand to-day shows them to be typical examples of the commission system. The essential elements of the commission plan are present; centralization of power and responsibility in the hands of a small board elected at large, who are the sole elected officers, and who have the power of appointment and removal of subordinates. In one point the Kansas laws fall short in this respect; the control of education is not in the board of commissioners but remains in the board of education elected by the people. The bill for second class cities, as originally drawn, contained this provision but it was promptly eliminated by the legislature. While conforming to type, certain points of weakness appear. In the law for first class cities, the whole board is renewed every two years instead of partially so as to preserve a continuous existence. In both acts, permanency of

tenure is imperiled and the way opened for the spoilsman by making the term of appointed officers two years instead of an indefinite term at the will of the board.

Besides the essential features above mentioned, there are certain others, such as the merit system of appointment, non-partisan direct nominations, the recall, popular initiative and referendum, and the compulsory referendum of public service franchises which while not forming integral parts of the commission plan, are connected with it in the popular mind and, when they do occur, profoundly affect the working of the system.

The wisdom of the merit system of appointment is no longer an open question and, with the limitation of a fixed term of office, finds a place in first class cities. But though wide powers of appointment and removal are delegated to the board of commissioners in second class cities no attempt is made to protect the employees and the public by such a provision.

Whatever may be the objections to non-partisan direct primaries and the initiative, referendum and recall, when applied in the larger fields of state and national government, there is when employed in the realm of municipal government much to recommend them. To secure responsibility and efficiency, the three principles, separation of powers, decentralization of administration and direct election, have been sacrificed. To offset this such devices of popular control appear justifiable. The problem is to avoid a mere factious or obstructive use of them. In the acts under consideration, non-partisan direct primaries are provided for in cities of over ten thousand inhabitants. By general law direct primaries are insured to all cities of over five thousand population. Theoretically, there is no reason why non-partisan nominations and direct primaries should not be enjoyed by the smaller cities, but in practice they were not deemed necessary under local conditions.

The recall may be invoked in cities of the first class on request of twenty-five per cent of the vote at the last election, though in the original bill for cities of the second class, it failed to pass the legislature. Popular initiative of ordinances may be accomplished under both laws by petition of not less than twenty-five per cent of the voters, and if such ordinance is not passed by the commission, it is referred to direct popular vote. The referendum privilege is extended, in cities of the second class, to all ordinances on petition

of twenty-five per cent of the vote at the last election, but in cities of the first class this extends only to those ordinances initiated by petition and not to those initiated by the commission. In both classes of cities the referendum on franchises is compulsory.

Although the time which has elapsed since the inauguration of the new system in Kansas is altogether too brief to warrant definite conclusions, yet from the bits of testimony available it appears that the weight of evidence is almost entirely favorable to the new plan. On all sides are heard general expressions of satisfaction of which the following is typical: "As a business proposition there is no comparison. No intelligent person would think of returning to the old form of government." More definite commendation centers about the financial administration under this system. In Leavenworth, the first to adopt the plan, the city has since that time paid off \$20,200 of bonds on which interest had been paid for thirty years. Within the first two years, the city also paid its share of county obligations to the extent of \$119,000. In the same period, indebtedness for public improvements has been incurred to the extent of \$27,000. Over twenty-five per cent of all the pavement in the city has been laid under the commission. The city of Iola, owning its gas, electric and water plants, shows for the first year under the commission as compared with the last year under the council a saving in all departments of \$32,741, while rendering service as good if not better than before. Betterments added to the water and electric plants bring the increase in assets for the year to \$41,228. In several cities, extensive improvements in paving, sewers, lighting, water, and parks are credited to the superior financial system in vogue under the commission. It is a question, however, whether these results were not quite as much due to a general municipal awakening brought about by the agitation for a change in the form of government as to the new form itself.

A body of quite as positive evidence is based on the general efficiency of the system. In Wichita the results are summed up as "economical of time in transacting business; absence of log-rolling in the administration of affairs; system in the handling of accounts; and a tendency toward making merit a basis for continuance in office." In Hutchinson it is said that in case of any complaint "we know to whom to go and from whom to get redress and have no trouble in obtaining satisfaction which we were never able to secure

under the mayor and council form of government with no responsible head." From Kansas City it is said that the city's government, "while not perfect, is the best it has ever enjoyed in its history." Testimony in this regard is summed up in the statement that the greatest good resulting from the change is "the placing of municipal affairs and the conduct of municipal operation upon an absolute basis of merit and modern business efficiency."

In regard to the personnel there seems in Kansas not to have been a marked change. In some towns the average of ability has been raised but it is alleged that the average ability of those who have really dominated in the past is as great as those in control at the present. An examination into the occupation of the commissioners in four typical cities shows that in one the board was composed of a plasterer, a real estate broker and a stonemason; in the second, of a dentist, a contractor, and a merchant; in the third of a hardware merchant, two manufacturers, a lumber dealer and a proprietor of a transfer business; and in the fourth, of an elevator owner, barber, machine shop manager, building mover, and a reporter. It has been hoped that party politics would be removed from the commission and so far the drift seems to be in that direction, though to a less marked degree than was expected. Party lines are still maintained in certain cities; in others they have never existed, and in still others there has been a gratifying change toward a non-partisan attitude.

Although the plan has met with such a flattering reception generally, there are a number of cases in which it has been rejected and in some cases more than once. Liquor interests, or political machines, or the two in combination, are sometimes held responsible. In the case of small cities the additional initial cost has been the most powerful objection. In certain towns where the government has usually been on a non-partisan basis and well conducted, the people were satisfied to remain as they were.

Two years' experience has disclosed various imperfections in the statutes mostly of minor importance and easily remedied. In two important particulars amendments have been suggested. It has been proposed to place the schools under the commission as originally proposed for cities of the second class. Another modification, and one which was enacted into law by the legislature of 1911 for cities of the second class, is that candidates announce themselves

before the primaries as candidates for a specific commissionership and that they be so indicated on the official ballot. A criticism of the plan coming from an enthusiastic supporter of the commission idea in general, and a successful mayor under it, may be quoted as it points out a fundamental weakness in the system. He says that one modification needed is "a centralization of authority. You might as well try to run a ship with five captains as to run a city government with five officers all having equal authority. Our law contemplates that the mayor be the head of the government but not to such an extent as it should have done. The commissioners should be appointed to their several places by the mayor or chairman of the commission and all the executive officers should be appointed and not elected by the commission. This places responsibility where it belongs and gives the power to the one who is responsible to see that the city's business is conducted in the proper manner. No great business enterprise was ever successfully conducted unless there was one responsible head."

No estimate of the merits of the commission form of government based upon its workings in Kansas should fail to take cognizance of the fact that these experiments are conducted by the warm friends of the plan. A goodly number of the members of the first boards of commissioners were active in securing its adoption and have been consequently interested in its success. Many of these men are to-day devoting to the duties of the office far more time and energy than the salary alone could command. In contemplating the present display of interest by the citizens and of devotion by officials one is led to ask whether like interest and devotion might not have accomplished the same results under the former system. The most important single result of the movement is that the attendant agitation has roused the people to a new civic consciousness and given to the average voter new ideals of citizenship. It is too much to expect that the present manifestations of zeal on the part of officials and the active interest on the part of the citizen should be maintained permanently at the present pitch. When official zeal shall have flagged and public interest shall have abated, then will come the real test of commission government. But whatever its ultimate degree of success or failure, it may safely be said that it has made it easier for good officials to do well and more difficult for bad officials to do ill.

COMMISSION GOVERNMENT IN THE WEST

BY FORD H. MACGREGOR,
University of Wisconsin.

Progress follows the sun westward. The commission government movement has made greater progress in the West, if by "West" be included all states west of the Mississippi, than it has in all the other and more conservative parts of the United States. Indeed, commission government originated, has been in operation longest, and has reached its highest degree of perfection in the West. Nineteen states in the West now make provision in one way or another for the organization of city government on the commission plan. That is to say, all states west of the Mississippi with the exception of Arkansas, Nevada, and Arizona, either make provision or permit cities to organize their governments on the commission plan, and at the last session of the Arkansas legislature a bill was introduced to make such provision, but for some reason it failed of passage. Seven of these states—Minnesota, Missouri, Oklahoma, Colorado, Washington, Oregon, and California—are home rule states and permit cities to draft and adopt their own charters, and in all except Missouri, cities have taken advantage of this opportunity and have adopted commission charters. Twelve states—Iowa, Louisiana, North and South Dakota, Nebraska, Kansas, Texas, Montana, Wyoming, New Mexico, Idaho, and Utah—have enacted general commission charter laws, which cities in those states may adopt by popular vote. Washington has also enacted a general law for cities of less than 20,000 population, since those cities do not come under the home rule provision. The eighteenth state—Idaho—has provided commission government by special charter and general law. Just one hundred cities west of the Mississippi river have now adopted and are operating under the commission plan. As general laws in five states were enacted only during the legislative sessions of 1911, it is probable that this number will be greatly increased during the coming year.

Thus commission government in the West is fast passing through the initiatory stage. In the matter of administrative or-

ganization it has already passed through that stage. There are just two great problems in municipal government to-day. One is the problem of devising a system of organization that will permit public officials to administer public affairs efficiently, and in accordance with popular will, and the other problem is to devise a means of selecting and choosing the right kind of officials to administer the system once devised. Commission government is the West's contribution to the solution of the first problem. It is an attempt to bring the organization of city government up to date, and to make it suitable and applicable to the functions which the modern city of to-day is called upon to perform.

The position of the city, its functions, and the conditions under which it is administered have changed unrecognizably since the common council system was imposed. Then the administrative duties of the city were few. There were no street railways, no telephones, no telegraphs, no municipal gas or electric light plants, no great water works and water purification plants, no great sewer systems and sewage disposal plants, no garbage crematories, no miles of expensive pavements, and hundreds of acres of parks with public baths, gymnasiums, etc. There were some wooden pavements and some open sewers. The municipal lighting plant consisted of the lamp-lighter who went about at dusk and lighted the lamps on the street corners, and every man's well was a part of the municipal water supply. The principal functions of the city then were the protection of life and property, the care of the poor, and the administration of the public schools.

But all this is changed. To-day, the city is almost wholly a business corporation, and is little concerned with great political policies or far-reaching legislation. There is little need for a large and separate legislative department. Modern cities have to build streets, roads, and bridges, to operate water works and sewage disposal plants, municipal electric light and gas plants, to run garbage crematories, to maintain hospitals, schools, fire and police departments, courts, public markets, and to care for the numerous helpless and defective members of the community. On all these subjects there is no doubt whatever as to what the people need, and the proper supply of their needs is a matter of purely administrative business. The ideas of governmental organization which prevailed at the time our American city government was instituted are no

longer applicable to the conditions which now prevail in our cities, or adequate to the functions which they perform. The economic conditions of to-day demand concentration and centralization. Capital is everywhere being combined. The management of great business enterprises is being concentrated in the executive heads of industrial corporations. Responsibility for the conduct of educational and charitable institutions is likewise drifting from the board to the single executive head. In all branches of administrative and executive activity the tendency is to center power and responsibility in the hands of a few men. Tendencies so marked in American business and institutional activity are certain to exert an influence on the administration of municipal affairs. We cannot hope permanently to preserve the illusion that political organization can be kept free from the influences which are dominant in the other departments of our national life.

We have but to recall the number of different types of business organization through which the industrial and commercial interests of this country have passed since our prevailing form of city government was adopted—from the partnership, through the company and corporation, to the modern trust—to realize how keen and quick is the business undertaking to adapt its organization to the conditions under which it must operate, and to realize how slow and how far behind the times is our antiquated system of municipal administration. We have but to recall the sad experience of our municipalities in their dealings with public service corporations to realize how expensive and inadequate is any form of government which depends upon a system of checks and balances to secure economic advantage. The same economic conditions which demand concentration in business demand concentration in government when government is mainly concerned with business undertakings.

It is surely safe to say, then, that so long as present day economic conditions prevail, the commission form of government, or some form of government which embodies the general principles of commission government—the concentration of power and the fixing of official responsibility—must be the dominant type of municipal organization in this country. There must be a readjustment of the machinery of government to fit these economic conditions. City government must be organized on the same basis and must utilize the same principles of business management that have been

adopted and found to be so successful in other business, industrial, and commercial enterprises, if the same satisfactory results are to be obtained.

This being the case, the next most important problem facing our cities becomes the selection of the administrators of this commission system, or the electoral system, and here again we must turn to the West. In the commission governed cities of the West are to be found nearly every device of progressive election machinery—direct primaries, non-partisan nominations and majority elections, cumulative and preferential voting, the English system of first and second elections, and the recall. At the present writing there have been in none of these cities a sufficient number of elections to arrive at a safe conclusion as to the efficiency of any of these various devices, there having been in most cases but one or two elections, but the next few years will be replete with invaluable experience and information resulting from their operation in these western cities. Where municipal officials are elected for four and five year terms, and an election is had in only the same number of years, it will naturally take some time to thoroughly try out and test these new election devices. But in the meantime a very thorough test will be made of the commission type of organization. It has already been in operation long enough and has been adopted extensively enough in several of these western states to have established a *prima facie* case in favor of this form of organization. In two of these states—Iowa and Kansas—its success and popularity have warranted the devotion of a separate article in this volume to the discussion of the operation of commission government in each of these states. As these states together with Texas, which is covered in another article, contain nearly all the cities which have operated under the commission plan for more than two years, it is left for this article to deal mainly with the structural organization of the various plans that have been adopted in the other states, and to concern itself with the results of these plans only in so far as they have been in operation long enough to afford reliable information for other cities which wish to follow their example. The plans will be taken up in order in each state as it appears on the map.

Wisconsin

Wisconsin cannot be considered as a western state, but as it is not covered in any other article in the present volume, and as it is the state of the writer, who was in a small way responsible for its introduction, a brief discussion of the Wisconsin plan will be made introductory to the discussion of the plans of the states west of the Mississippi river.

The Wisconsin law was enacted in 1909 and may be adopted by cities of the second, third and fourth classes, or cities not exceeding 100,000 in population. This excludes Milwaukee, the only city of the first class. There was no reason for not including Milwaukee except that at that session of the legislature Milwaukee was endeavoring to secure home rule, and it was feared that if made applicable to Milwaukee the commission bill might interfere with this project as well as endanger its own passage. The commission council is composed of three members, a mayor and two councilmen. The mayor is elected for six years and the councilmen for four, one councilman being elected every two years. They are nominated by a non-partisan primary at which the names of candidates are arranged alphabetically and without party designation, and the two candidates receiving the greatest number of votes for each office are declared nominated, and are the only candidates whose names appear on the general election ballot. The mayor is a member of the council and has a vote but no veto. Both mayor and councilmen receive salaries, the salaries varying from \$500 for mayor and \$400 for councilman in cities of 2,500 or less, to \$5,000 for mayor and \$4,500 for councilman in cities of 40,000 and over. No other city officials are popularly elected. The council by majority vote appoints all other city officials and fixes their compensation, and may remove them at any time. It has the power to create and discontinue offices and employments at will. The charter law designates no division of the administration into departments with a councilman at the head of each, but it gives this power to the council should it desire to do so.

The original law passed in 1909 provided for the referendum, but did not provide for either the initiative or the recall, the legislature of that year being reactionary, but the legislature of 1911 added these institutions. The recall and the initiative may be brought into operation by a petition signed by electors equal in

number to one-fourth of the vote cast for mayor at the last municipal election at which a mayor was elected. The recall petition must state the specific reasons for which it is wished to recall an officer. The referendum may be brought into operation by a twenty per cent petition within ten days. No provision is made for civil service, the idea being that if the council was to be held responsible for the administration of the city government, it should be given a free hand in the selection of officers and employees to carry out its policy.

A most noteworthy provision of the Wisconsin law is one which provides that residence in the city is not a necessary qualification for election to public office. Under this provision a commission city may elect as mayor or councilman a man who has made a success as mayor in some other city, or who has had experience in the management of water works, gas or electric works, and thus benefit by his experience. The plan may be abandoned by any city after a trial of six years, by proceeding in the same manner as for adoption.

Two cities, Eau Claire (population, 18,310) and Appleton (population, 16,773), have adopted the plan, and Eau Claire has closed its first year's experience under it. The first year has been very successful. In the first place, the mayor and councilmen, and especially the mayor, have been men far above the average of city officials in the ordinary city government. The financial activities of the city during the year show an increased surplus to the credit of the first year's administration, over that of the year before, of \$71,327.93. More permanent improvements were made, and collections were more promptly made than during the preceding year, while the outstanding indebtedness of the city was materially reduced. The City of Appleton has been less fortunate in its election of officials, the new administration being in the hands of old politicians, mainly those in control of the old common council, and it therefore remains to be seen what improvements the new plan will bring.

Minnesota

Minnesota is a home rule state, but there being some doubt under the existing home rule law whether a charter commission could draft a charter on the commission plan or not, the law prescribing a representative form of government, the legislature of

1909 enacted an amendment specifically conferring this power on all charter commissions. Not only did it confer power to draft charters on the commission plan, but to provide for primary elections, and to incorporate the initiative, referendum, and recall. Two cities in the state, Mankato (population, 10,365) and Fari-bault (population, 9,001), have so far taken advantage of the law and have adopted commission government charters.

Mankato drafted two charters the first of which, owing to numerous defects, was defeated in September, 1909, but the second of which was adopted in May, 1910. This second charter provides for the election at large of a mayor and four councilmen, and of a judge and special judge of the municipal court. The mayor and councilmen are elected simultaneously for two years and the judges for four. Nominations are made by non-partisan primaries similar to those provided in the Wisconsin law, and only the names of the two candidates receiving the highest number of votes for each office are placed on the general ballot. The mayor and councilmen give bond and receive salaries, the mayor \$900, and the councilmen \$600 per year. The mayor presides over the meetings of the council and has a vote but no veto. The administration is divided into five departments: (1) Public Health, Sanitation, Police and General Welfare, (2) Accounts and Finance, (3) Parks, Public Grounds, Buildings and Fire Protection, (4) Water Works and Sewers, and (5) Streets and Alleys, the mayor always being in charge of the first named. At its first regular meeting the council by a majority vote assigns a councilman to be superintendent of each department, a designation which may be changed at any time. The council also has the appointment of all other city officials. The charter enumerates the offices of city clerk, assessor, treasurer, attorney, engineer, chief of police, fire chief, and health commissioner, but it also provides for the consolidation of any two or more of these offices at the option of the council. The council furthermore has power to create, fill, and discontinue such additional offices as it deems in the best interests of the city. Any appointed officer may be removed at any time by a majority vote of the council. All departments are required to make monthly reports, and the mayor is required to have an annual audit of the city's accounts made by a competent accountant.

The charter provides for the initiative, referendum, and recall.

In the case of the initiative, the proposed ordinance is submitted at a general or special election according to the number of signers to the petition. If electors equal to twenty per cent of the last vote for mayor sign, a special election is called; if ten per cent, but less than twenty per cent sign, the proposition is submitted at the next general election. A twenty per cent petition is also required in the case of the referendum and the recall. No officer can be recalled during his first three months of office, and then the reasons must be stated. The charter provides: "In the call for the election there shall be stated in not more than two hundred words, the reasons for demanding the recall of the officer, as set forth in the recall petition, and in said call in not more than two hundred words, the officer may justify his course in office."

In addition to prescribing the general framework of the city government, the Mankato charter, which is a document of some ninety pages, contains chapters dealing with contracts, finance and taxation, franchises, the vacating of streets, actions for damages, water works, eminent domain, and other subjects which are of great importance, but have nothing to do with commission government, and will not be discussed here.

Although Mankato has completed its first year under the commission plan and the citizens of the city appear to be quite satisfied with the success of its first year's operation, official reports are not yet available from which to substantiate the confidence of the citizens and the claims of their city officials, though such reports may be ready before this volume is received from the press.

The Faribault charter, which was adopted in February of this year, is practically a copy of the Mankato charter, except that two justices of the peace are elected for two year terms in place of the judges of the municipal court in Mankato, and that a fee of \$5 is charged all candidates instead of requiring a petition signed by twenty-five electors as required in Mankato. The Faribault charter went into effect on the 11th of April.

Neither the Mankato nor Faribault charters make provision for civil service.

Missouri

Missouri is the oldest of the home rule states, but its provisions are among the least liberal. By constitutional provision cities having

a population of 100,000 are permitted to frame and adopt their own charters, "but such charters shall always be in harmony with and subject to the constitution and laws of this state." Although this last provision is emphasized by the constitution, the courts have held (*State vs. Field*, 99 Mo. 352) that charters adopted under this section present a complete system of local self-government, and (*Kansas City vs. Oil Co.*) that such charters supersede general statutes where they differ as to purely municipal regulations. The determination as to whether a subject is a matter for municipal or state regulation, however, is always a question for the courts. No city in Missouri has as yet adopted a commission government charter under these provisions.

Iowa

The Iowa law, or "Des Moines Plan," was enacted in March, 1907, and applied upon adoption, to all cities of the first class, or cities having a population of 25,000 or over. It was amended in 1909 to include cities of 7,000 to 25,000 population. This Iowa law has become famous not because it was the first general law to be enacted, it being, in fact, the last of the four laws enacted in 1907 to be approved, nor because it contained the initiative, referendum, and recall, for the South Dakota law approved two weeks earlier contained these, but largely because of the advertising and publicity given the plan by the city of Des Moines. The structure and results of the plan, being thoroughly covered in a separate article¹ in this volume, will not be taken up here. Suffice it to say that eight cities of considerable population have adopted and are now operating under the plan: Des Moines (86,368), Sioux City (47,828), Davenport (43,028), Burlington (24,324), Cedar Rapids (38,811), Fort Dodge (15,543), Keokuk (14,008), and Marshalltown (13,374).

*Louisiana*²

The Louisiana commission government law was enacted in 1910. The statute provides a separate organization for cities of 7,000 to 25,000 and for cities of 25,000 and over. In the latter class there are five members in the council, a mayor and four commissioners, and in the former, three, a mayor and two commis-

¹ See *Commission Government in Iowa*, *supra*.—EDITOR.

² See also *Commission Government in the South*, *supra*.—EDITOR.

sioners. In one case the administration is divided into five departments, and in the other, three departments, but in both cases the mayor is in charge of the department of Public Affairs and Public Education. In the larger cities the other departments are (1) Accounts and Finance, (2) Public Safety, (3) Public Utilities, and (4) Streets and Parks. In cities with two councilmen, two of these departments are combined and a councilman put in charge of each, namely, (1) Accounts, Finance, and Public Utilities, and (2) Public Safety, Streets and Parks. Unlike most commission charters, assignments to departments are not made by the council or mayor, but each candidate must announce his candidacy for mayor, or for councilman and superintendent of a designated department, as the case may be, and is elected directly to the department of which he assumes charge. No provision is made for primaries.

In both classes of cities the mayor and councilmen are elected for four years and receive a salary, the same varying from \$1,500 for mayor and \$1,000 for councilman in cities of 7,500, to \$4,000 for mayor and \$2,500 for councilman in cities of 60,000 and over. The time of regular meetings is determined by the council, but must be at least as often as once each month. In cities of 25,000 or over, the council appoints a city attorney, secretary-treasurer, tax collector, auditor, engineer, and physician, and may remove them at will by a majority vote. In cities of less than 25,000, only such of these offices are appointed as the council deems necessary to properly perform the work of the city. In all cases the council has the power to create, fill, remove, or discontinue offices other than those enumerated in the charter by a majority vote, and to fix their duties and compensation. The council must publish quarterly statements, and cause a complete audit to be made of its accounts annually.

Provision is made for the initiative, referendum, and recall, but not for civil service. In all cases a petition of thirty-three per cent of the voters is required to bring these devices into operation.

The plan may be abandoned by any city after a trial of six years and return had to its former charter by proceeding in the same manner as for adoption.

North Dakota

The North Dakota statute was one of the first four general commission charter laws which were enacted in 1907, and applies

upon adoption to cities of 2,000 population or over. An election to vote upon the adoption of the plan must be called upon a petition of ten per cent of the voters as recorded by the last general municipal election. So far, Bismarck, the capital of the state (population, 5,443), Mandan (3,873), and Minot (6,188), have elected to come under the law, and have been operating under it since 1908 and 1909.

Under this law the government of the city is placed in the hands of a commission composed of five members, a president and four commissioners, who are elected at large for terms of four years, and who are the only elective officers of the city. The terms of the commissioners expire alternately every two years. All other officers are elected or appointed by the board of commissioners by a majority vote of all its members. The salaries of all officers and employees of the city, including the commissioners themselves, are left to the determination of the board of commissioners. In Mandan the president of the board and each commissioner receives one dollar per year. The president of the board presides at all meetings, and has a vote but no veto. Regular meetings are held once each week and are open to the public. The administration is divided into four departments: (1) Police and Fire, (2) Streets and Public Improvements, (3) Water Works and Sewerage, and (4) Finance and Revenue—and a commissioner is placed at the head of each. The law makes no provision for the initiative, referendum, or recall, or for a civil service commission, which omissions may have tended somewhat to retard its adoption in other cities of the state. It has been rejected in Fargo, the metropolis, and in one or two smaller cities of the state.

The only noteworthy or unique provision of the law is that providing for cumulative voting. By this provision, each voter is "allowed to cast as many votes for the candidates for the office of city commissioners as there are commissioners to be elected, such votes to be distributed among the candidates as the voter shall see fit," but no voter can cast more than one vote for the candidate for mayor or president of the board of commissioners.

The plan has worked very successfully in all three cities. All three have been placed on a cash basis, and claim a saving of from five to six thousand dollars per year. In Minot the tax rate has been reduced approximately twenty-five per cent, while accomplishing the

same or better results than under the old organization. In no one of the three is there any desire to return to the old system.

South Dakota

The South Dakota statute was also enacted in 1907 and may be adopted by any city in the state, a fifteen per cent petition being required to call an election. As enacted in 1907, the commission in all cities was to consist of five members, a president and four commissioners, but at the last session of the legislature it was amended so that each city may determine at the time of adoption whether it will have four or two commissioners. The amendment also provides that a city after having operated under one plan, with two or four commissioners, may submit the proposition of changing to the other at any regular election. Both president and commissioners are elected at large for terms of five years, and on non-partisan ballots. A person to be eligible for either office must be at least twenty-six years of age and a resident of the city for not less than five years preceding his election. The salaries are low, starting at \$25 per year for mayor and commissioners in cities of 2,000 or less, and increasing \$50 per year for each additional thousand in cities of over 2,000 to a maximum of \$1,200 for mayor and \$600 for commissioner in cities of over 10,000. An amendment enacted by the 1911 legislature now permits these salaries to be increased to \$1,500 and \$1,200, respectively, by submitting the same to a popular vote. The organization of the commission, the division into departments, and the appointment and removal of officers and employees is practically the same under the South, as under the North Dakota law, except that where cities elect to have two instead of four commissioners, two departments are combined under one commissioner.

The South Dakota law provides for the initiative, referendum, and recall. In this connection it is interesting to note that South Dakota has had these measures except the recall, since 1899, when they were made a general law applicable to all cities in the state. A five per cent petition is required in the case of the initiative and referendum, and a fifteen per cent petition in the case of the recall. A recall election was held in Huron, but all the officers sought to be recalled were returned to office by large majorities.

The law has been adopted by ten cities: Sioux Falls (14,094),

Aberdeen (10,753), Huron (5,791), Rapid City (3,854), Yankton (3,787), Pierre, the capital (3,656), Vermillion (2,187), Canton (2,103), Chamberlain (1,277), and Dell Rapids (1,367).

Nebraska

The Nebraska legislature at its last session enacted a general commission law that is unique in several particulars. The council is composed of three, five, or seven members according to the population of the city, there being three in cities of 5,000 to 25,000, five in cities of 25,000 to 100,000, and seven in cities of over 100,000. Candidates are nominated at non-partisan primaries and elected at large at majority elections. The terms of office remain the same under the commission charter as under the former charter of each city that elects to come under the plan. The councilmen elect the mayor from among their own members. On both the primary and election ballots a rotation of names is provided for, the printer placing the name of the last candidate for each office first in printing the ballots for each election precinct. The salaries range from \$500 for mayor and \$300 for councilman in cities of 5,000 population, to \$5,000 for mayor and \$4,500 for councilman in cities of 100,000 and over. The administration is divided into three, five or seven departments, according to the number of councilmen, and a councilman placed in charge by a vote of the council. In the matter of appointments, removals, the creation and discontinuance of offices and employments, and the general powers of the council, the Nebraska law follows the same general lines followed by all commission government laws. It also provides for the initiative, referendum, and the recall. A fifteen per cent petition is required for the referendum, and a thirty per cent petition for the recall. The initiative provision provides for either a ten or a fifteen per cent petition, the fifteen per cent petition requiring a special election for the determination of the proposition submitted.

The law being passed by the 1911 legislature has not yet been adopted by any city in the state.

Kansas

The Kansas law was the first of the four laws passed in 1907 to be approved, being signed on March 2nd. This first law applied only to first class cities and contained no provisions for primary

elections, civil service, the initiative, or the recall, and was only adopted by Leavenworth. In 1909 amendments were enacted adding these features, and a second law enacted for cities of the second class. Since then the plan has spread with phenomenal rapidity until nearly every city of any considerable size in Kansas is now operating under it. Twenty-four cities, including Kansas City (82,331), Wichita (52,450), and Topeka, the capital (43,684), are now operating under the plan.

The Kansas plan and its results are discussed elsewhere in this volume,³ and will be passed here with this summary statement.

Oklahoma

Oklahoma is a home rule state and has consequently passed no general law on the subject of commission government, but some sixteen cities in the state have framed and adopted individual commission charters which differ from each other about as much as possible. Nearly every type of commission organization to be found anywhere can be found in some of the commission governed cities of Oklahoma, and some variations that cannot be found elsewhere. Some of these cities provide for primary elections and some do not. In some, elections are partisan and in some non-partisan. The number of commissioners varies in the different cities from three to five. In Bartlesville, McAlester, and Duncan, there are three members in the council; in Enid, and Sapulpa, four; and in Tulsa, Ardmore, and Oklahoma City, five. The term of office is two years in Tulsa, Enid, and Sapulpa; three years in McAlester, Bartlesville, and Duncan; and four in Ardmore and Oklahoma City. In all cases the mayor presides over the council. In Tulsa, Ardmore, and Sapulpa, the mayor has the power of veto. In Enid the mayor has no vote at all, except in confirmation of his appointments and in case of a tie. In Tulsa the city auditor is an elected official. In all cases the administration is divided into departments with a commissioner or councilman at the head, the assignment sometimes being made by the mayor and sometimes by a majority vote of the council. In Tulsa the other officers of the city are appointed by the mayor with the consent of the council, as they are in Ardmore and Sapulpa. In Oklahoma City all enumerated officers are elected by the council, while subordinates are appointed by the commissioner in charge of

³ See *Commission Government in Kansas*, *supra*.—EDITOR.

the department. In Enid the appointments are divided up among the commissioners, each one appointing certain officers. Only in Oklahoma City is there a civil service board provided for. Salaries in the various cities vary all the way from a few dollars per year to four thousand. In general, however, the average is from \$1,500 to \$2,000.

In the matter of the initiative, and referendum, however, the practice in all cities is uniform, being regulated by the constitution of the state. The constitution reserves to the cities of the state the right of direct legislation. Upon a petition of twenty-five per cent of the voters, as determined by the last regular municipal election, either the initiative or referendum may be brought into operation. In addition, practically all the charters also make provision for the recall, the per cent varying, however, from twenty-five to thirty-five per cent of the vote cast in the last municipal election.

The writer has been unable to secure official reports from any of the cities of Oklahoma upon which to base an opinion as to the results of commission government in that state, but letters from individual citizens in several cities indicate that in those cities the plan is working fairly well. In no city is there any considerable agitation to depart from the plan that has come to his knowledge.

Texas

Texas, being also covered by a special article in this volume,⁴ will be passed by with the statement that the success of commission government in Galveston, Houston, Dallas, and other of the larger cities of the state, which have been operating under special charters, has been such that the demand for commission government in the smaller cities of the state led, in 1909, to the passage of a general commission charter law which may be adopted by cities of 10,000 population and less.

Montana

The Montana statute, which was just enacted at the 1911 session of the legislature, is the Iowa law with a few minor changes. One of these changes is the basis of determining the number of signers necessary to petitions. In Montana it requires a certain per cent of the total registered voters, instead of merely a certain per

⁴ See *Commission Government in the South*, *supra*.—EDITOR.

cent of the number voting at the last election for mayor. Another change is the one requiring that only a part of the commissioners be elected at a time, instead of electing them all as at Des Moines. A change is also made in the matter of salaries, the salaries in Montana, varying from \$600 for mayor and \$500 for councilman in cities of 3,000 population and less, to \$4,500 for mayor and \$3,500 for councilman in cities of over 50,000 population. But practically all other provisions are the same. The same provisions regarding the initiative, referendum, and recall, as well as the civil service, are retained. Missoula, a city of 12,869 population, has already adopted and is operating under the new law.

Wyoming

The Wyoming legislature also passed a general law at the 1911 session. This law may be adopted by cities of the first class, and by cities of 10,000 which have not adopted the general charter law. A petition of fifteen per cent is required to call an election for adoption, but if defeated, the proposition cannot be again submitted for two years, and then only on a petition of twenty-five per cent of the voters. The law provides for non-partisan primaries, the division of departments, and the appointment and removal of officers similar to the Iowa law for cities of less than 25,000 population. There are three commissioners elected for terms of four years. The mayor is elected as such, and presides at the meetings of the board, but has no veto. The mayor receives a salary of \$2,400 and the commissioners, \$2,000 per year, and they meet in council meeting at least once each week. Monthly statements must be made by the commission of the finances of the city, and an annual audit and examination of the city's books are made by the state examiner. Copies of the examiner's report are filed with the city clerk, and with the governor of the state. The law provides for the initiative, referendum, and the recall, petitions of twenty-five per cent being required for the initiative and recall, and thirty-five per cent for the referendum. No public service franchise can be passed, however, by the commission if requested not to do so by a petition of ten per cent, but must be submitted to a vote of the people. Sheridan (8,408), the second city in the state, has adopted the law, but it has not yet gone into operation.

Colorado

Two cities in Colorado—Grand Junction and Colorado Springs—have drafted home rule charters embodying the commission plan. Grand Junction is the subject of a separate article⁵ in this volume, so will be passed with this mention, but Colorado Springs has been operating under its charter for a little over two years and is deserving of mention. One of the interesting features of the plan is that it provides for a first and second election. These are non-partisan, and the first election serves as a final one for all those candidates that receive a majority of the votes cast for their office. For those who do not, a second election is held at which only the two candidates receiving the highest number of votes at the primary are placed on the ballot, thereby assuring a majority election. Only one election has been held under the charter, which was the first election after the adoption of the charter, and no candidate receiving a majority at the primary election, a second election was held.

Under the Colorado Springs charter, there are five members of the council, a mayor and four councilmen. They are elected for four years, the mayor receiving \$3,600 and the councilmen \$2,000 per year. The administration is divided into five departments, Water Works with the mayor in charge, Finance, Public Safety, Public Works, and Public Health. The council assigns the councilmen to their departments. The mayor presides, and has a veto power. Appointments are by the mayor except when otherwise provided for. The head of each department appoints the subordinates in his own department, and may remove them at will. The council may remove any officer or employee of the city, including the mayor, by a vote of four members. The charter provides for a civil service board composed of three members elected for six years. The charter also provides for the initiative, referendum, and the recall. A thirty per cent petition is necessary for the recall, but no officer can be recalled during the first six months of his term. A fifteen per cent petition is required for the referendum, and for the submission of an initiative measure at a special election. Only a five per cent petition is necessary to submit an initiative measure at a general election. The plan has been in operation since May, 1909.

The Colorado Springs plan has been very successful. A high

⁵ See *The Grand Junction Plan and Its Results*, *infra*.—EDITOR.

class of officials were elected at the first election, and these have secured the services of experts in the different departments, particularly the police department, and the office of city engineer. In the case of the chief of police, the mayor appointed a chief from another city. A marked progress has been made in the matter of street and park improvements, public playgrounds, and the beginnings of a civic center.

New Mexico

The New Mexico statute is a permissive law enacted in 1909, permitting cities of 3,000 population or over to adopt one of two types of organization. The first type provides for the election of three commissioners, one being the mayor. Each has charge of a department, and a city clerk is also elected. The mayor and commissioners are elected for two years and serve without pay. The law provides for the selection of a "Superintendent of Public Affairs" by the council, who is really the general manager of the city, and looks after all the public matters of the city, subject to the direction of the council. Under this plan the council is an advisory body, and the actual supervision and management of the affairs of the city is left to the superintendent, who is paid a salary and devotes his entire time to his duties. Roswell (6,178) has adopted this plan.

The second type provides for a commission of three or five paid members with the usual commission government organization. No city has so far adopted this second type.

Idaho

Lewiston, Idaho, has been operating under the commission plan since 1907, but this was under a special charter. At the last session of the legislature, a law was enacted providing commission government for cities of 3,000 population upon adoption by popular vote. This new law is the Des Moines Plan with a few modifications. The mayor is elected for two years while the four councilmen are elected for four, reversing the Wisconsin practice in this regard. Two councilmen are elected every two years. Candidates are nominated at non-partisan primaries, and the names are rotated in the same manner as under the Nebraska law. No provision is made for civil service, nor for the referendum, but the initiative and recall are

made parts of the law. The initiative requires a twenty-five or ten per cent petition, according to whether it is to be submitted at a special or general election, and the recall requires either a thirty-five or twenty-five per cent petition in the same way. The plan may be abandoned after a trial of six years. No city has so far adopted the state law.

Utah

A general commission government law was enacted at the last session of the Utah legislature which is mandatory for cities of the first and second classes, but the text of this law has not been available for this article.

Washington

Washington is a home rule state, but the home rule provision applies only to cities of 20,000 population and over, so a general commission charter law for cities of 2,500 to 20,000 population was enacted at the 1911 session of the legislature. This law is virtually the same as the Iowa law for cities of 7,000 to 25,000 population, the mayor and two commissioners being elected for three instead of two years. No provision, however, is made for civil service. The number of signers required for the initiative and referendum petitions is the same as in Des Moines, but a thirty-five per cent petition is required for the recall, and no officer can be recalled during his first six months in office. Otherwise the provisions are virtually the same.

Two cities, Tacoma (83,743) and Spokane (104,402) have adopted home rule charters embodying the commission plan. The Spokane charter provides for the election of five councilmen who elect the mayor from their own number and hold office for four years. The most interesting feature about the plan is that it provides for preferential voting. There is no primary, but at the election, which is non-partisan, provision is made for second and third choices, similar to the Grand Junction plan. The expression of second or third choices on the ballots is not compulsory, but the ballot is void unless a first choice for each office is expressed. The per cent of signatures required for the initiative, referendum, and recall is low, being ten for the referendum, and fifteen and five for the initiative, and twenty and fifteen for the recall, according to

whether the proposition is to be submitted at a special or regular election. Spokane has been operating under its charter less than a year.

Tacoma has been operating under its charter more than a year, however. It has five members in its council, a mayor and four councilmen, all of whom are elected for four years. The mayor receives \$4,000 and the councilmen \$3,600 per year. It has a civil service commission composed of three members appointed for three years. The charter provides for the initiative, referendum and recall, the per cent of signers required being twenty, fifteen, and twenty-five respectively. In addition to the recall, any member of the council may be removed upon the vote of the other four members. The plan went into effect in April, 1910.

The commission form of government in Tacoma does not seem to have been any too successful, due largely, it is claimed, to the men who were elected at its installation. Some large improvement projects, for which there was a strong public sentiment have been carried through, but in general, the current expenses of the city have been increased. At a recent recall election the mayor and two councilmen were recalled, and the citizens are now confident that under the guidance of these new administrators, the success of the plan during the coming year will be different.

Oregon

But one city in Oregon, Baker (6,742), has drafted a commission charter under the home rule provisions of the constitution. The Baker charter provides for the election of three commissioners, one being the mayor, for terms of two years, who together compose the governing board of the city. The mayor receives \$2,500 and the councilmen \$2,000 per year. The administration is divided into three departments and each councilman is nominated and elected to the department of which he assumes charge. Nominations are made by non-partisan primaries, and a majority election is assured. The provisions of the state law regarding the initiative, referendum, and the recall apply and are made a part of the charter. The plan became effective in November 1910.

California

Two cities in California, Berkeley (40,434) and San Diego (39,578), have been operating under commission charters since
(745)

1909. At the last session of the legislature, the charters of six other cities were approved, Oakland (150,174), Santa Cruz (11,146), Vallejo (11,340), San Luis Obispo (5,157), Monterey (4,923), and Modesto (4,034). All these charters except that of Vallejo, provide for a council of five members, a mayor and four councilmen; Vallejo provides for three. The term of office is four years in all cases except Berkeley, Santa Cruz, Monterey, and San Luis Obispo, where the mayor is elected for two years only. In Berkeley, Oakland, and Vallejo, a city auditor is also elected by popular vote, and in Santa Cruz, an auditing committee of three. San Diego elects a city treasurer, and San Luis Obispo, a city clerk. The mayor presides over the council in all cases, and with the exception of San Diego, has no veto power. In the majority of cases, appointments are made by majority vote of the council, but in Oakland and Santa Cruz, they are made by the commissioner in charge, subject to the approval of the council. Berkeley, Modesto, Oakland, and Vallejo provide for civil service. In all cases provision is made for the initiative, referendum, and recall.

In both San Diego and Berkeley, the commission plan has been very successful, but especially in Berkeley. A high type of officials were elected in the first instance, and while the tax rate was raised immediately to the charter limit, the results which were secured during the first year in efficient police and fire protection, street improvements, and improved municipal service, warranted the change. At the end of the first fiscal year, there was a surplus on hand of \$27,326.90 in excess of the increased revenue derived from the increased tax rate. At the beginning of the second year there was a reduction in the tax rate of six cents, making a rate of 93 cents on the \$100, one of the lowest rates in the state. The second annual report is not yet available, but the city officials assert that the second report will make a better showing than the first. It is interesting, in this connection, to note that at the last election a socialist was elected mayor of Berkeley.

This digest of commission government charters in the West will not only serve to show along what lines the commission government movement is progressing, but should suggest the tremendous scale on which this new experiment in municipal government is being tried out. Commission government is the most important type of government in the West to-day. The political expedients which are

here being tried and tested constitute the most important experiments now being made in our political laboratory, and if successful, will contribute wonderfully toward the solution of some of our most perplexing problems. The test of the commission form of organization is important, but the test of the electoral system is more important. For this reason the experience of the West during the next five years will be fraught with the keenest political interest.

COMMISSION GOVERNMENT IN ILLINOIS CITIES

BY JOHN A. FAIRLIE,

Professor of Political Science, University of Illinois, Urbana, Ill.

The movement for the commission form of municipal government has begun later in Illinois than in some other states of the middle west. But started within the past year, the system has made rapid headway. Following the passage of an optional law by the General Assembly in 1910, about thirty cities and villages have voted on its adoption; and in nearly twenty, commission government has been established. This record places Illinois among the leading states in this movement; and an account of the previous municipal conditions and the special features of the law and its results in this state should be of considerable importance in a general discussion of commission government for cities.

Until the adoption of the third State Constitution in 1870, cities in Illinois were incorporated under special charters; with the usual variety and confusion in forms of organization, and with some notable instances of the abuse of legislative control. By the Constitution of 1870, stringent restrictions were placed on special legislation; and a general law for cities and villages was enacted in 1872, which at the time was perhaps the best law of the kind in the United States, and has been accepted by practically all the cities in the State. This law was based on the then prevailing mayor and council system; but with a more definite division of powers than in most special charters. The mayor nominated and with the consent of the council appointed most of the city officials; and also had an effective power of removal. The council, organized on the usual ward system, had, in addition to the customary enumerated powers, the authority to establish new municipal offices and control over finances.

The cities and villages act, however, did not include the whole body of legislation on municipal government; and one of the striking features of municipal organization in Illinois has been the number of distinct and overlapping public authorities. Cities and villages remain part of the townships within which they are geographically

located; and the township officers continue to be separately elected. Other laws provide for the creation of school, park and drainage districts; and for the election of school, park and drainage boards, whose jurisdiction overlaps that of the city government. The result in most of the more important cities has been a confusing list of elective authorities, and a lack of any effective responsibility in local government.

Numerous amendments have also been added to the original cities and villages act, some of which may be noted. An act of 1895 authorized the establishment of the merit system in the municipal service; and this act has been adopted in Chicago, Springfield and Rockford. Several cities have adopted an act of 1903, authorizing the establishment of boards of fire and police commissioners. Moreover, the recent legislation on primary elections introduced the system of direct nominations for municipal elections, but did this in connection with the regular party system and made it more difficult than before to conduct municipal campaigns by local parties or on an independent basis.

Under these conditions municipal affairs in Illinois cities have apparently been managed about as in the other states, ranging from a fair degree of efficiency to some pronounced instances of mismanagement and corruption. Chicago stands in a class by itself; and, as it is not affected by the movement for commission government, it will be omitted from this paper. But a brief statement of conditions reported from a few other cities will serve to indicate the general situation.

Springfield, during the past decade, has had a steady and notable gain in material prosperity, the population having increased over fifty per cent from 1900 to 1910, to 51,678 inhabitants in the latter year. At the same time the city government was considered to be inefficient and extravagant, controlled by public service corporations and conducted on a "wide open" policy. In July, 1908, the city council extended the street railway franchise without a popular referendum, which had been demanded on a public policy vote the year before. In August of the same year, occurred the race riot, due in part at least to municipal inefficiency. In April, 1909, John S. Schnepf was elected mayor; and under his lead the municipal government was placed on a high level of efficiency and economy, on the executive and administrative side.

But the council was politically opposed to the mayor, and proved a serious obstacle to the work of bettering conditions.

In Moline, the aldermen seemed to be under the control of the mayor, and municipal affairs were run in a slipshod manner. Franchises were granted without compensation, saloons were open on Sundays and nights, and grafting was openly charged. In Decatur, municipal elections had been determined largely on the basis of national parties and national issues; the local affairs were in the hands of inefficient men; responsibility could not be located. The last city council was divided eight to six, the mayor standing with the six. The result was a deadlock; and what little was accomplished was by compromise and trading.

On the other hand, in Elgin, where commission government has now been adopted, it is reported that there was no general dissatisfaction with the council or the work it was doing. And Bloomington, where the proposition to adopt the commission plan was defeated, is said to have been favored with good business administrations for several years.

Active steps to secure an act of the legislature authorizing the commission plan of municipal government in Illinois, appear to have begun during the winter of 1908-09. In Springfield, a series of public lectures on the commission plan was given during November and December, 1908, followed by a mass meeting which appointed a committee to draft a bill. Meanwhile, similar steps had been taken in other cities; and at a joint meeting of several local committees, held at Springfield, an agreement was reached as to a bill to be introduced in the General Assembly of 1909. The bill was introduced in the State Senate, by Senator R. J. Barr, of Joliet. A Senate committee was appointed, which visited Galveston, Houston and Dallas, Texas, and submitted a report pointing out the salient features in the charters of these cities and the improvement in their municipal affairs under the commission plan of government. Senator Barr's bill passed the Senate at the regular session; but in the House was referred to the Committee on Municipal Affairs, which failed to make a report. At a special session of the General Assembly, begun in December, 1909, Governor Deneen included the subject of the commission form of municipal government in the call; and during this session an act authorizing the adoption of the commission plan of municipal government was

finally passed. In the law as passed, some amendments were made from the bill as first introduced.

The Illinois law providing for the commission form of municipal government is an amendment adding a new article to the cities and villages act, which may be adopted by any city or village in the state not exceeding 200,000 population. On petition to the county judge by the electors of any city or village, equal to one-tenth of the votes cast for mayor at the last preceding election, it is the duty of such judge to submit the proposition at a special election to be called within sixty days; and at this election, a majority of the votes cast determines the result.

In its specific provisions, the Illinois law follows in the main the Iowa law; but with some important differences. The system of ward aldermen and the distinct powers of the mayor and the council are abolished, and the general authority and responsibility for the municipal government is entrusted to a council, consisting of a mayor and four commissioners elected at large. Nominations for these offices are made at a non-partisan direct primary, at which a double list of candidates are selected, and from these the final elections are made, also without reference to party. Some restrictions are placed on corrupting electoral methods, by providing penalties for bribing, treating, and the agreement to perform campaign services for money or other valuable thing, or for appointments to municipal office or employment.

The executive and administrative work in cities adopting the commission plan is divided among the five departments, each assigned to one of the commissioners, as follows:

- The mayor, in charge of the department of public affairs,
- The department of accounts and finances,
- The department of public health and safety,
- The department of streets and public improvements,
- The department of public property.

The council elects a city clerk, city attorney and treasurer (elective offices under the general law) and other municipal officers, such as corporation counsel, comptroller, chief of police, chief of fire department and library trustees; and also has power to create, fill and discontinue other offices and employment in the city service. The mayor and commissioners may receive annual salaries, varying with the size of the city or village, as follows:

Population	Mayor	Commissioners
Not over 2,000	\$50	\$40
2,000 to 5,000	250	100
5,000 to 10,000	600	400
10,000 to 15,000	1,200	900
15,000 to 20,000	2,000	1,700
20,000 to 30,000	2,500	2,000
30,000 to 40,000	3,500	3,000
40,000 to 60,000	4,000	3,500
60,000 to 80,000	4,500	4,000
80,000 to 100,000	5,000	4,500
100,000 to 200,000	6,000	5,000

In cities of 20,000 and over, the mayor and commissioners shall devote at least six hours daily to the performance of their official duties. A detailed statement of receipts and expenses shall be published monthly; and an annual examination of books and accounts shall be made and published. No mayor, commissioner, officer or employee shall be interested, directly or indirectly, in any contract or job for work or materials or services to be furnished or performed for the city or village.

Provision is also made for the initiative and referendum. All franchises for public service utilities in the public streets or places must be approved by the voters at a general or special election; and every public service corporation is required to furnish equal and uniform service alike to all citizens. A referendum may be demanded on other ordinances passed by the council (except urgency measures passed by a two-thirds vote of the council and when otherwise provided by the laws of the state), on a petition of ten per cent of the votes cast for mayor at the last preceding municipal election. Ordinances may also be proposed by popular initiative; and if not passed by the council shall be submitted to the vote of the electors at the next general municipal election, if the initiative petition is signed by electors equal to not less than ten per cent of the vote for mayor at the preceding municipal election,—and at a special election if the petition is signed by twenty-five per cent of the vote at the preceding election.

The most important differences between the Illinois law and that of Iowa are in regard to the "recall" and the provisions for the merit system. In the Illinois act of 1910 provision is made for the recall of elective officers on a petition signed by at least *seventy-five* per cent of the vote for mayor at the preceding municipi-

pal election, instead of twenty-five per cent as in other laws containing the recall feature. At the legislative session in 1911, this was amended so as to reduce the percentage of signatures for a recall petition to *fifty-five* per cent; but even this makes the use of the recall so much more difficult than in other places that it is doubtful if it will be called into operation. While the Iowa law provides for a civil service commission and contains some other inadequate provisions for the merit system in appointments in cities adopting commission government, the Illinois law simply provides that in all cities which adopt the civil service act of 1895, municipal officers and employees shall be appointed in accordance with such act. This gives the cities which have adopted that act a much more effective merit system than under the Iowa law; but leaves other cities in Illinois which adopt the commission government law with no special provisions to secure appointments that shall be based on merit and fitness.

The act of 1911, amending the Illinois commission government law, also provides that in cities which have adopted or may adopt the act of 1903, providing for a board of fire and police commissioners, the members of the fire and police departments shall be appointed and discharged in accordance with the provisions of said act. By the amending act of 1911, it is further provided that by ordinance, the commissioner of each department may be vested with authority to appoint and discharge the heads of the principal departments, subordinate to the respective department of which he is commissioner. It should also be noted that in other respects, the Illinois law does not so completely simplify and concentrate all municipal affairs in the hands of the commission as in the laws of other states. While the ward aldermen are abolished, and some of the elective city officials are made appointive, not only the school boards, but also the special park and drainage boards in some cities and the township officials will continue to be separately elected, and to exercise their functions independently of the commission.

During the winter of 1910-11, petitions for a vote on the adoption of the commission government act were prepared in about thirty cities and villages in Illinois, including most of the more important cities. A notable feature of the discussions was the activity of the business men's organizations, such as the boards of trade and chambers of commerce, in favor of the commission plan.

On the other hand, the local politicians and liquor interests in a number of cities were actively opposed to the new system. In Springfield two daily papers supported commission government, one was actively opposed, and one was "on the fence." The result of the elections on the adoption of the commission government act was favorable in about three-fifths of the cities and unfavorable in the remainder. The cities and villages adopting commission government were: Springfield, Decatur, Elgin, Rock Island, Moline, Jacksonville, Ottawa, Waukegan, Pekin, Kewanee, Dixon, Spring Valley, Clinton, Carbondale, Rochelle, Hillsboro, Braceville.

In the following places the new system was defeated: Peoria, Quincy, Joliet, Bloomington, Galesburg, Champaign, Taylorville, Sterling, Whitehall, Sullivan, Savannah, Monmouth.

In most cases the adoption of the commission plan seems to have been due to dissatisfaction with the former condition of municipal affairs. In Elgin, however, a correspondent writes that there was no general dissatisfaction with the personnel of the former government, but that the people believed the commission plan was better and would result in more efficient service. In cities where the new system was defeated, various causes are assigned. In Peoria, the provisions for the initiative, referendum, and recall are said to have been considered by many as dangerous. In Quincy the opposition was well organized and had ample funds. In Bloomington the municipal government seems to have been considered satisfactory, and it was apparently felt that it would be better to wait until other cities had made the experiment before making a change.

Following the adoption of the new system of government came the primaries and elections for the new officials in February and April, 1911. A large number of candidates appeared and a widespread interest in the local campaign was developed in most places. The number of candidates at the primaries in a number of cities is shown below:

City	NUMBER OF CANDIDATES		Total
	For Mayor	For Commissioners	
Springfield	5	105	110
Decatur	4	64	68
Elgin	6	50	56
Waukegan	6	65	71
Kewanee	4	48	52

(754)

Neither at the primaries nor elections were the regular party lines in evidence, although there were some cases of attempts to unite on a slate of candidates. In Springfield, certain candidates were said to have the support of the "Sullivan" democrats and "Lorimer" republicans. In Decatur the issue was "wet" vs. "dry." Attention was concentrated on the qualifications of the individual candidates; and while the number of names on the ballots in some cities was very large, the bulk of the vote was concentrated on a small proportion of names. One correspondent calls attention to the notable absence of carriages, automobiles, and paid workers, alike at the election for adoption, the primary, and the regular election of officials.

The first elections in cities which have adopted the commission plan appear, at least in most cases, to have placed the city government in the hands of a distinctly better class of public officials. In Springfield, Mayor Schnepf was re-elected; and the commissioners include two business men not previously active in politics, the superintendent of waterworks and the city engineer. In Decatur, the "wets" were in the majority, electing the mayor and three commissioners. In Ottawa the new council is said to be very good, although the saloon and vicious elements defeated one or two good candidates. In Elgin the former mayor was re-elected. In Rock Island and Moline the previous administrations were discredited. The lists of commissioners generally include several active business men.

It is as yet too soon to write with any definiteness or finality as to the tangible results of commission government in Illinois cities. In Springfield and some of the other cities, the county treasurer refused to turn over the city funds to the commission, claiming that the commission government act was unconstitutional; and this has caused some delay in placing the new system in working order. A decision in the circuit court, upholding the constitutionality of the law has relieved the situation in these cities; but the question has been carried to the Supreme Court. In some cases the new government has found the city finances in bad condition. In several cities, however, it is possible to point out already decided improvements. In Decatur, the streets are said to be clean, a new lighting system has been installed and a new park has been purchased and opened. In Rock Island and Moline the municipal

officials elected under the commission plan, have forced the county officials to enforce the Sunday closing and other provisions of the dram shop act. In other cities the new officials are said to be working harmoniously, with indications for a more successful and more efficient conduct of municipal affairs.

The officials of the commission governed cities have held several conferences for the discussion of common problems, and have organized an association to continue this policy of co-operation.

THE GRAND JUNCTION PLAN OF CITY GOVERNMENT AND ITS RESULTS

BY JAMES W. BUCKLIN, LL.B.

Chairman Charter Convention, and City Attorney, Grand Junction, Colo.

The free cities of the world have often been the corner stones upon which liberty has been built, and out of which great peoples have arisen. American cities with only delegated powers from state legislatures, limited and bound down in every direction by legislative enslavement, have almost invariably been a shame and disgrace to our civilization. Instead of leading forward to greater and better things, they have retarded and undermined American progress. With increasing velocity each year, for the past ten years, the people have been awakening to the situation, and commission government for cities is the result.

One of the first states to arouse itself was Colorado, and the progressive legislature of 1901, submitted to popular vote a constitutional amendment known by the name of its author as the Rush Bill, adopted in 1902, which amendment gave to every city of the state, the *exclusive* power of making its own charter, unhampered by legislative interference. This constitutional provision requires all such charters to contain provisions for the initiative and referendum. All public service franchises, except the telephone, and all municipal bonds must be authorized by vote of the taxpayers. A more serious defect therein is that our cities are not allowed any control over the incidence of direct municipal taxation. The unjust and unwise general property tax is mandatory. This prevents nearly all fundamental *economic* reform in municipal affairs. These defects, however, were not new conditions, and although they show great lack of faith in municipal democracy and in popular government, and violate the basic principle of local self-government, still the new provisions permit fundamental *political* reform, have been upheld by the courts, and, taken as a whole, are a tremendous advance.

It was pursuant to this progressive constitution that Grand Junction adopted its charter, September 14, 1909. The keynote to

this charter is found in the first sentence of its prefatory synopsis, and is as follows: "The intent and purpose of this charter is to establish a free and independent city, and to restore to and vest in the people of the city, so far as the constitution of the state will permit, their natural, inherent, and inalienable right of local self-government, with all its powers, duties and responsibilities." It is further recited that the purpose of the charter is to establish a municipal democracy. Every effort was made by its authors to make our charter democratic, the most democratic in America. As a first step in this direction, the initiative and referendum was established with the easy preliminary conditions of five and ten per cent for petitions, also the recall for all elective officers, upon petition of twenty per cent of the voters. These percentages are low enough to be easy to operate, and yet high enough to prevent the exercise of personal spleen.

No public service franchise, not even the telephone, can be granted, amended, renewed, extended or enlarged except upon vote. No exclusive franchise can be granted and no franchise renewed prior to one year before its expiration. No contract with any public service corporation can be made for a longer period than two years, except by popular vote. Frequently, long term contracts with such corporations have been entered into by city councils, binding the people to unjust conditions, which succeeding councils could not rectify.

The power to regulate rates and fares of all public service corporations is reserved to the city, and no franchise can include the right to charge for service any return upon the value of the franchise or grant itself. Thus the people will be permitted to reduce all fares or charges to a reasonable interest on the value of the plant, excluding all value of the franchise or right of way through the streets. Street railways are required to sprinkle, clean, pave and keep in repair the space between the tracks and two feet outside the track, and the space between all double tracks, and the common use of all such tracks can be authorized by the city upon just compensation therefor. The city is authorized to make any regulations of any public service corporation to the utmost extent necessary to fully protect the public in every conceivable manner, retaining general supervision thereof.

The city is authorized at any time to take over any public

service plant, paying therefor its fair valuation, excluding from its purchase price, any value of the franchise or right of way through the streets, or any earning power of such corporation. This would allow the city to take over such utility at the actual value of the plant, without buying back the franchise which it had freely given away. If taken over within five years of the grant, however, the city must pay ten per cent in addition to such value, which premium is to be reduced one-half per cent each year thereafter. A full and complete method of valuing and taking over the plant is provided. These provisions are intended to make municipal ownership practical, which it is not when utility corporations are permitted to charge the city as part of the purchase price, the unearned increment value of the franchise. These provisions are known as the indeterminate franchise, in other words, a franchise which can be terminated or regulated at any time by the city, and are among the most vital and far-reaching provisions of our charter.

The Grand Junction plan has destroyed all municipal political machines. It provides for non-partisan nominations by twenty-five individual petitioners. The headless non-partisan and short ballot was adopted. Such a ballot results practically in an educational qualification for voters, and greatly reduces the number of ignorant and corrupt votes.

No city can be well governed by incompetent or bad officials, regardless of the form of government. Political machines are only able to control by minority government. Minority government is bad government. If then we are to establish good government, we must enact some electoral system that will destroy political machines, and prevent the election of officials by minorities. The recall will not do this. The old form of election machinery for city officers is antiquated, and practically all commission cities have greatly changed the old methods by the direct primary or double election system. But even these new methods, while an improvement over old plurality elections, do not give majority rule, and are exceedingly cumbersome, expensive, and ineffective. Serious difficulties have already arisen in a number of commission cities, springing out of political machines and political manipulation. The truth is that national political parties should have no more control over city government than over farming, mercantile, or other business occupations.

The preferential ballot for cities is a plan to restore majority elections and true representative government. It was originated for and first formulated in the Grand Junction charter. It grew out of the Idaho second choice primary law, and the theretofore unformulated and undigested theories of preferential voting. Preferential voting was theretofore mixed up with proportional representation, which is not advisable for cities. Opposite the names of each candidate on our preferential ballot, are three columns, headed "First Choice," "Second Choice" and "Other Choices." This ballot is a two-edged sword, enabling each voter to vote against candidates, as well as for his choices in their order. To vote against a candidate, omit any cross opposite his name, and you thereby place him one vote behind all candidates voted for. To vote for a candidate, make a cross in the appropriate column opposite his name, voting for the first choice in the first column, for the second choice in the second column, and for as many other choices as the voter may have for any office in the third column. Only one choice can be voted for one person, and only one first and one second choice. This method of voting was so simple that even the chief enemy of the system in this city, admitted that it was easily understood and voted by any one. The reason that all favorable choices after the first and second are grouped in the third column is that as between third choices, the voter usually has no fixed preferences.

The judges after the election immediately open, count, register, and return to the city clerk the total number of votes cast, and the number of first, second and third choice votes which each person receives, no vote being counted for any candidate more than once on any ballot. Any person receiving more than half of all votes cast in the city for first choice is elected, otherwise, the lowest candidate is dropped and first and second choices are added together, and if any remaining candidate receives a majority he is elected, but if not, then the lowest candidate is again dropped, and all choices for each candidate are then added together, and the person receiving the largest total number of votes is elected. In case of a tie, priority in choice elects.

This preferential ballot has been adopted with modifications by Spokane, Washington, and Pueblo, Colorado, and is now being adopted by Cambridge, Massachusetts, and strongly advocated in many other cities. Its rapid spread is now assured. Some of these

cities have omitted the scheme of dropping the lowest candidate, as not an essential part of the plan. It was adopted by us for the reason that it adds to the power of each choice over all following choices, and does not enable any candidate to be elected unless he has a respectable number of first choice supporters.

This ballot has all the advantages, with none of the objections, of a direct primary or second election plan, combining in one election the direct primary and final ballot, enables the elector to vote for minority candidates without throwing away his vote, enables the supporters of majority candidates to express their wishes relative to minority candidates, reduces the cost and the number of elections one-half, destroys political bitterness, makes impossible political machines, elects by majorities and not by minorities, and secures the ultimate will of the people more fully than any other plan ever devised. These numerous advantages so far outweigh all defects, as to make the plan almost ideal for use in cities and in direct primaries, or in any election where political parties are not or should not be contesting each other.

The Grand Junction plan is the commission form of government with five commissioners. One of the novel features is the direct and separate election of each commissioner. This plan has been followed by the proposed Cambridge charter. The method generally adopted by commission cities is to elect the four or five commissioners in a body, and to authorize them to apportion the offices among themselves after election. That plan at once opens the way to log-rolling and strife. It makes possible the election of the five most popular candidates, all of whom might be well qualified for one of the offices, and no one qualified for the other offices. Our plan is far more democratic. It prevents the displacing of an efficient commissioner by political intrigue and manipulation. The people are better able to determine the fitness for each office than are the commissioners by trade and assignment after election. By our plan, candidates specially qualified for a particular office will not be candidates for any other office, and any expert in a particular line will stand a better chance for election to the suitable office, thus encouraging each commissioner to become a specialist.

The Grand Junction plan does not make the mayor the "boss" over the other commissioners, but places him on an equality with them, and makes him ex-officio a member of all departments.

It greatly increases many of the powers of the commissioners along some lines, and greatly limits their power along other lines. Department heads are nominated by the commissioner of that department, who also has the right to discharge anyone in his department at any time without giving any reason therefor. He hires all employees in his department, is supreme therein, and responsible therefor, independent of the other commissioners, except that the council may determine the number of employees and discharge any of them, and has a general supervision. The commissioners have no power to make any contract or lease extending beyond the installation of their successors, to deed away any real estate, vacate any street or grant any franchise in the streets without a popular vote thereon. All city wards, the fee system, and all saloons for the sale of intoxicating liquors are abolished. All passes, free tickets, or franks of any public service corporation, whether located wholly within or running into the city, are forbidden. The mayor is judge of the municipal court, and is made the special guardian of juvenile and other unfortunate police classes, and as such judge, is, of course, subject to recall. The water rates of the city are to be kept at actual cost, so that the municipal tax burdens shall not be shifted upon water consumers as they so frequently and unjustly are. Wages, except on construction work, are fixed at a minimum of \$2.50 per day, and the eight-hour day established, so that laborers can live like human beings should live. Each commissioner, like other employees, has the eight-hour day, must give all his time to the city, take active charge of his department, and, when not busy in his office, take general charge as foreman and director. No poll taxes, no occupation taxes for the sale of annually taxed goods, and no license tax against selling fruits and vegetables are allowed. Newspapers are not allowed to charge the city more than usual rates. One of the most important limitations on the power of the commissioners is that they are not permitted to let out street paving or the extending of water works, or the building of sewers, upon contract, but are required to construct such public works by the city, the material being purchased by the Commissioner of Supplies, and the work done by the commissioner of the proper department. The bonds of the city must be sold for cash for the purpose of doing such work, and cannot be traded to contractors for construction. Contractors on public work nearly always charge exorbitant prices,

do poor, fraudulent and cheap work, corrupt officials and enslave labor.

There can be no clear understanding of the great progress made under our charter without considering the conditions prior to its adoption.

Prior to the charter, our city was divided into four wards, the two lying south of Main street having about one-fourth of the electors and nine out of the ten saloons of the city, yet they had one-half of all the aldermen. This condition was intolerable, and strenuous efforts were made from time to time to create another ward north of Main street. All these efforts failed because the city council simply refused to consider the public welfare, and there was no method of compelling such consideration. For four years immediately preceding the first charter vote, the city had been continuously in the hands of republican and democratic machines. Pretending to fight each other, they were always in close alliance. Just prior to the first charter election, these machines had called separate primaries, but after the charter movement, recalled their action and made a formal alignment. Up to that time they had been overwhelmingly dominant, and behind them were men loudly professing party alliance, but whose political principles have always been in harmony with the interests.

What gave vitality and force to our reactionary government were not these machines or men, but the saloon and public service corporations, that is, the favor-seeking interests. The electric light plant had been able to secure a franchise in which an attempt was made to prevent competition. This was as vicious a franchise as could be drawn, and public talk was full of charges of corruption. Afterwards, the council entered into an exorbitant ten-year contract with the franchise company for lighting the city, notwithstanding another company was ready to make a much more favorable contract. No opportunity was given the competing company to make good. A street car franchise was granted containing no adequate protection of the city's interests. Citizens who appeared before the council asking that the rights of the city be protected were given but scanty consideration, and their requests denied.

When women of the city appeared before the council asking that the law against vice be better enforced, they were calmly told to apply to the courts.

The waters of the two rivers which flow by the city contain more or less alkali in solution, are hard, and frequently muddy. For more than twenty years the city has been trying to get mountain water, pure and soft, from the hills. This action was prevented by the reactionaries, who after a thirteen-year war, could not prevent municipal ownership of our water plant. After such municipal ownership, when the interests no longer demanded bad water, the reactionaries changed front, electing machine men to office pledged to mountain water. But they had not made good. Thousands of dollars were paid by the reactionary governments to special attorneys and engineers to get mountain water, most of which was wasted. Bonds to construct these works were hawked about, but could not be sold. In ways too numerous to mention, the money of the city was wasted, and its financial credit impaired.

It was out of such conditions that the city awoke one day, and determined to change the entire system. Arrayed against the proposed charter were all the stand-pat and reactionary forces, the public service corporations, the saloon interests, the political machines of both political parties, the city council and city officials, most of the judges and clerks of election with special policemen appointed for each polling place, together with two daily newspapers controlled by such interests. Supporting the charter were all the churches, the independent and progressive republicans and democrats, the socialists, single taxers, and Chamber of Commerce, the leading daily newspaper, the labor organizations, and a majority of the thinking element. It was a battle royal, and the whole matter was thoroughly threshed out in the newspapers, in the churches and on the stump. By these means the people were thoroughly educated and acted with unusual intelligence and caution. At the election four-fifths of all precincts were carried for the charter, the total vote cast being 1,514 for, and 1,089 against, adopting a charter. Afterwards the progressives nominated twenty-one delegates to the charter convention, consisting of seven members of organized labor, six bankers, one lawyer, one physician, members of all churches, socialists, single taxers, progressive republicans and democrats, and the leading business and real estate men. The reactionaries also nominated a ticket, but withdrew it after finding it would have no show of election. The charter was therefore formulated and

written by the progressives and adopted by an overwhelming majority at the polls.

The first election under the charter was held November 2, 1909. The ticket nominated and presented to the voters is illustrated herewith. The first is the ballot used in the campaign by the progressives, and the second is the official ballot, and contains in ink, the official results of the election.

It will be seen that the Commissioner of Water and Sewers was not opposed in the election, although his office receives a larger salary than three of the other commissioners. This was because

SAMPLE BALLOT

General Municipal Election, City of Grand Junction, Colo., November 2, A. D. 1909

INSTRUCTIONS.—To vote for any person, make a cross (X) in ink in the square in the appropriate column according to your choice, at the right of the name voted for. Vote your first choice in the first column; vote your second choice in the second column; vote any other choice in the third column; vote only one first and only one second choice. Do not vote more than one choice for one person, as only one choice will count for any candidate by this ballot. Omit voting for one name for each office, if more than one candidate therefor. All distinguishing marks make the ballot void. If you wrongly mark, tear, or deface this ballot, return it and obtain another.

For Commissioner of Public Affairs	1st Choice	2nd Choice	3rd Choice
D. W. AUPPERLE			
W. H. BANNISTER			
N. A. LOUGH			
E. B. LUTES			
EDWIN M. SLOCOMB			
THOS. M. TODD			
For Commissioner of Water and Sewers	1st Choice	2nd Choice	3rd Choice
BOSTWICK W. VEDDER			
For Commissioner of Finance and Supplies	1st Choice	2nd Choice	3rd Choice
LEON J. CHAPMAN			
H. F. VORBECK			
For Commissioner of Highways	1st Choice	2nd Choice	3rd Choice
JOHN W. ARMSTRONG			
ROBERT M. HARDINGE			
HENRY B. POTORF			
THOS. H. RADER			
S. J. SCOVILL			
For Commissioner of Health and Civic Beauty	1st Choice	2nd Choice	3rd Choice
CHAS. GASHO			
CHAS. K. HOLMBURG			
D. B. WRIGHT			

HOW TO VOTE. The names of all Charter candidates are printed in red and are arranged alphabetically and in no way indicate a preference, which each voter must decide for himself.

READ THIS

If Aupperle, Lough, Slocomb or Todd is your first choice, and one should be, place an (X) in the 1st Choice column after the name of your candidate for 1st Choice; then place an (X) after the name of the candidate whom you favor for 2nd Choice in the 2nd Choice column, and then place an (X) after the name of the TWO remaining charter candidates for mayor for 3rd choice. Be sure and vote FOR ALL OF THE CHARTER candidates. You have not done your full duty until you have.

Vote for Vedder for Commissioner of Water and Sewers.

Vote for Vorbeck for Commissioner of Finance and Supplies. Vote for all three Charter candidates for Commissioner of Highways. The Charter candidates are H. B. Potorf, T. H. Rader, S. J. Scovill. Pick your choices, as you did in the majority vote, and vote for one for 1st Choice, one for 2nd Choice and one for 3rd Choice. For Commissioner of Health and Civic Beauty Chas. K. Holmburg and D. B. Wright are Charter men. Vote for one for 1st Choice and one for 2nd Choice.

OFFICIAL BALLOT

General Municipal Election, City of Grand Junction, Colo., November 2, A. D. 1909

INSTRUCTIONS.—To vote for any person, make a cross (X) in ink in the square in the appropriate column according to your choice, at the right of the name voted for. Vote your first choice in the first column; vote your second choice in the second column; vote any other choice in the third column; vote only one first and only one second choice. Do not vote more than one choice for one person, as only one choice will count for any candidate by this ballot. Omit voting for one name for each office, if more than one candidate therefor. All distinguishing marks make the ballot void. If you wrongly mark, tear, or deface this ballot, return it, and obtain another.

For Commissioner of Public Affairs			For Commissioner of Highways		
1st Choice	2nd Choice	3rd Choice	1st Choice	2nd Choice	3rd Choice
<i>Mayor</i>			<i>Total</i>		
D. W. AUPTERLE	465	145	JOHN W. ARMSTRONG	397	109
W. H. BANNISTER	603	93	ROBERT M. HARDINGE	26	29
N. A. LOUGH	99	331	HENRY B. POTORF	266	242
E. R. LUTES	41	114	THOS. H. RADER	535	311
EDWIN M. SLOCOMB	229	257	S. J. SCOVILL	555	384
THOS. M. TODD	362	293	<i>Total</i>	1779	1075
<i>Total</i>	1799	1231			760
For Commissioner of Water and Sewers			For Commissioner of Health and Civic Beauty		
1st Choice	2nd Choice	3rd Choice	1st Choice	2nd Choice	3rd Choice
<i>Boatwain</i>			<i>Total</i>		
BOSTWICK W. VEDDER	1605	Elected 1st	CHAR. GASHO	608	125
			CHAR. K. HOLMBURG	750	200
			D. B. WRIGHT	401	343
			<i>Total</i>	1759	668
For Commissioner of Finance and Supplies					
1st Choice	2nd Choice	3rd Choice			
LEON J. CHAPMAN	837	Elected 1st			
H. F. VORBECK	902	Elected 1st			
<i>Total</i>	1739				
			<i>Total Vote Cast</i>		
			Majority to Elect		
			1847		
			924		

Mr. Vedder, the candidate, had been for many years our City Water Superintendent, was an expert, and was known to be thoroughly efficient. It shows the wisdom of electing each commissioner directly and separately to office, as otherwise Mr. Vedder would have been opposed and might have been defeated in the election, or, if elected, might have been relegated to some other office. Every commissioner was elected to the one office he is best qualified to fill. All officers elected were pro-charter candidates and in every instance, except one candidate for mayor, a newcomer, every pro-charter candidate for any office had a larger total vote of all choices than any anti-charter or reactionary candidate for that office. This fact, taken in connection with the fact that in three previous elections in seven months, the pro-charter proposition had always won out, shows how thoroughly the preferential ballot secures the actual and accurate will of the people.

For mayor, Mr. Bannister received a plurality of first choice votes, although an anti-charter candidate, and under the old method of plurality election, would have been elected mayor, although three other candidates received more votes than he. Under the old plan he would thus have beaten the majority, defeated the will of the electors, and would have represented not the majority, but only a reactionary minority. Had the Des Moines plan of direct primaries, or the Berkeley plan of double elections been in operation, which methods all commission cities except Grand Junction, Spokane and Pueblo have adopted, we would have been obliged to have gone to a bitter second election between two men, Mr. Bannister and Mr. Aupperle, neither of whom had a majority of the people behind them. The superiority of the Grand Junction system of preferential voting was thus absolutely and clearly demonstrated. It secured majority rule, democratic government, able and honest officials, thus defeating the well organized and generally all-powerful minority.

. One of the chief arguments used against our charter was that it would hamper our public service corporations, and drive capital from our city. The results have been directly the opposite. When we first voted to adopt a charter, not a foot of street railway was in operation, although the franchise had been granted. Since then, some eighteen or twenty miles of splendid electric street and inter-urban railway have been constructed and placed in operation, and large immediate further extension is contemplated. A large steel

frame block, and suitable car barns, and stations have been erected for the use of the railway and the other public service corporations. Under the commission government the telephone company has placed its wires under ground to the great improvement in the appearance, safety and convenience of the city, especially of its business center. The company has greatly enlarged its plant, constructing a fine two-story building for its use, and has improved its service. The electric light and gas plants have increased their capacity and improved their service, erecting new buildings therefor.

A story will illustrate our methods. A portion of the street railway was constructed along the middle of Twelfth street where an irrigating ditch had a prior right of way. The railway company, after the usual methods of such corporations, filled up the ditch without the consent of its owners, to their great damage. The farmers who owned the ditch became insistent on its restoration, and one Sunday morning when the courts were not open, the company, with a force of perhaps one hundred foreign laborers, began constructing a new ditch, far enough from the railway track not to injure it, thus destroying that half of the street. The commissioners with the full force of police, went to the scene, placed the foreman under arrest, and immediately filled up the ditch. Thereafter, the railway company had a wholesome regard for the present government, and proceeded at their own expense, to procure and place under ground, close to their tracks, tiling large enough to carry the water of the ditch the full length of the street. Another story. In the Denver Charter a provision requiring the railways to pave was omitted. Our charter requires such paving. In the first draft of our paving ordinance as drawn by the paving bond buyers, such provision was omitted. We had it inserted and afterwards our street railway company threatened to resist payment. Owing to a compromise on paving brick and work, the railway finally entered into a contract binding themselves absolutely to pay for all pavement as required, and not to resist the payment of the bonds in any manner. This item alone saved our taxpayers over \$30,000.00.

Our present city government is one of achievement. It has actually done and is doing things of great value, while heretofore the city had only vain hopes and unfulfilled promises.

The commissioners have just finished constructing a new sewer district. The work was done by the Commissioner of Water and

Sewers, and not let on contract. He employed only the best labor, chiefly married men and residents, and paid high wages. A ditch digger of the latest design was purchased by the city, which did the work of seventy-five men with only three men to run it. It is as great an improvement over the shovel as the harvester is over the sickle. By this and other methods of economy, the sewer was built for twenty per cent below the engineer's estimate, permitting \$7,000 of sewer bonds to be cancelled. Heretofore our sewers were built by giving the full amount of the bonds to a contractor for the work and materials, with the result of cheap and poor labor, fraudulent work and materials, and far greater cost. We are now engaged in paving the business section of the city, and in constructing an extension of the water works to the mountains. As a contrast between city work and contract work, the street railway company is at this time paving its nine-foot strip under its tracks, and is employing Greek contract labor, and has the ten-hour day. The city employs American domestic labor, has the eight-hour day, pays five cents per hour more wages, and its labor makes infinitely more for civic progress and true civilization. The city has also completed two flowing artesian wells now furnishing drinking water, and to be used later in irrigating the city park, heretofore arid and useless. Because of this well, a contract has just been made for a natatorium and swimming pool without cost to the city, and finally to become city property. A beautiful five thousand-dollar marble animal fountain was donated to and erected by the city.

The Commissioner of Health and Civic Beauty has greatly improved one of the public parks by shrubbery, flowers, etc., under well planned designs. He established an efficient garbage can collection, keeps the grease traps clean, secured an anti-fly ordinance, and required property owners to destroy the weeds. He removed more than 1,000 wagon loads of filth from the city at one time, and has since kept the city clean and sanitary, with the result of almost eliminating infectious and contagious diseases heretofore very prevalent at this time of the year. Heretofore but little attention was given such matters. City affairs are now carried on with all the accuracy, promptness and reliability of private business. An up-to-date system of accounting and publicity has been established pursuant to the charter, all of which is in contrast to former slipshod methods. For the benefit of the unemployed who are able to work,

the city has established a humanely conducted woodyard under supervision of the mayor and police, at which the out-of-works can get the price of meals and lodging at cost. The fire department, also under charge of the mayor, has purchased a new up-to-date auto-fire-wagon, a very great improvement over the fire wagons heretofore in use. The Highway Commissioner has purchased much modern machinery for the city, such as a concrete mixer, a rock crusher, a steam road roller, etc., all of which will enable the city to do its own work efficiently and cheaply.

The annual cost of maintaining the commission government is less than the cost of the former government. This is made possible by the abolition of the aldermen, turning all fees into the city treasury, making the mayor *ex officio* municipal judge, the commissioner of health and civic beauty *ex officio* city clerk, the commissioner of finance and supplies *ex officio* city treasurer, the commissioner of water and sewers *ex officio* water superintendent, and the highway commissioner *ex officio* street superintendent. The commission government has as yet made but one tax levy, by which it reduced the tax four mills from the previous rate. The city warrant indebtedness was reduced the first year from \$26,000 to \$11,000, a reduction of \$15,000. A large reduction in the annual cost of oil used by the city has been made.

The most strenuous efforts have constantly been made by the interests to destroy the standing of the new government, and to prevent the sale of its bonds. As soon as the commissioners came into office, one of the banks attempted to reduce the price of city warrants from par to ninety-eight cents. This effort, however, was thwarted by the other banks who refused to be a party to such action. Afterwards, at a critical stage in the sale of the water bonds, the president of the same bank, who is also secretary and treasurer of the electric light, the gas, and the street railway plants, in a newspaper interview, threatened to commence suit in both state and federal courts against the charter on the ground that it was unconstitutional. This threat was immediately followed by a surrender of an option for the sale of the water bonds theretofore made with a responsible bonding house. Thereafter the commissioners induced another bond company to purchase the bonds, but, before doing so, the bond purchasers required the city at large expense to furnish their lawyers with certified copies of our charter

and all the proceedings taken in its adoption. The legal objections to the charter were raised in the office of the attorneys for the Telephone Company, whose franchise in this city expires in 1914. After a thorough investigation, the New York attorneys of the bond buyers found that "we do not think there is anything in the objections." In spite of such obstacles, the commissioners sold \$450,000 of five per cent water bonds at ninety-seven cents, a much better price than the former administration received for \$50,000 of its water bonds under far more favorable conditions. The city has also just sold its paving and sewer bonds amounting to \$153,000.00, these latter being district bonds and payable principal and interest in ten annual installments. This bonded indebtedness of \$603,000 was all created by vote, and can only be used for the specific purposes stated by the electors. The cash was received therefor, all of which shows that the credit of the city is the best now under the charter it has even been, and that the finance commissioner is a success. In all these new complicated and sharply contested affairs concerning the constitutionality and legality of the charter and the bonds, the New York attorneys of the bond buyers find that no legal mistakes or blunders of any kind were made by the city.

The number of arrests have dropped from 428 during the last year of the saloons to 162 for 1910 with far stricter police supervision than ever before. When the commissioners came into office, "blind tigers" were very common, they were promptly raided, getting several dray loads of liquor, most of which was destroyed. Vigorous prosecution and imprisonment has since greatly lessened illicit sales. The commissioners had nothing to do with the original passage of the anti-saloon laws, that having been done six months before their election by the people. The commissioners have enforced the laws as far as possible.

One referendum petition has been filed to prevent a proposed ordinance from going into effect, which would compel the payment of water rents semi-annually instead of quarterly. Thereupon, the commissioners repealed the ordinance, and thus complied with the wish of the petitioners. One initiative and referendum petition was filed to contract for a large number of artesian wells, but was defeated by the electors. Three referenda by the city council have been voted upon, and all adopted, these being the three bonding propositions of mountain water, paving, and sewers. Direct legis-

lation in this city has, therefore, in every instance, proved to be a very wise and conservative part of our government.

Since the adoption of our charter the city has had an unprecedented growth. All steel frame buildings in the city have been built during the past two years, one of them five stories high. The finest business blocks, schools, hospitals, ice plants, residences and other improvements ever made in Western Colorado have been made under our charter. An attractive new residence addition to the city has been made. No city in this state is at the present time more prosperous. Many advanced measures, such as the ownership and operation of city coal mines will be undertaken as soon as present improvements are completed.

In conclusion, I desire to call attention to the fact that our new government is exceedingly popular. Not all the commissioners are experts, but they average far better than our former officials. No effort has been made to recall any city officer and the only hope of restoring machine government is in appealing to the courts. So far the reactionaries have only exercised the American privilege of making threats. Only a very few persons in this city, probably not ten per cent now oppose the charter, and these, in the main, represent the interests and their newspaper organ, which has persistently opposed the city officials and the charter. Otherwise the charter is exceedingly and universally popular. Any effort to return to our former government could not now receive respectable consideration, and would scarcely be attempted.

THE COMMISSION STATUTE OF NEW JERSEY

By JOHN M. MATHEWS, PH.D.

Department of Politics and Economics, Princeton University.

The most thoroughgoing step towards adopting the principles of commission government for cities in any eastern state was taken by New Jersey at the recent session of her legislature. Commission government, as is well known, has for some time been in operation in a few eastern cities, but New Jersey has, by a general enactment, provided a means whereby every municipality in the state, no matter how large or how small, may, under certain conditions, adopt this form of government. This act, known as the Walsh Act, was an integral part of Governor Wilson's progressive program, and was passed in the face of the determined opposition of the machines of both political parties.

Though applying potentially to every municipality in the state, the act remains inoperative in any city until adopted by a vote of the majority of the legal voters of such city voting at a special election called for that purpose. It is further provided that the total vote cast at the special election must be equal to at least 30 per cent of the votes cast for members of the general assembly at the last general election. This requirement is significant in view of the fact that in the large cities of the state it has seldom been possible to induce thirty per cent of the voters to come to the polls at a special election. In order that such an election may be held, it is necessary that a petition to that effect be filed containing the names of twenty per cent of the legal voters voting at the last general election. If, at such special election, a sufficient number of the votes are not cast in favor of the adoption of the act, no further proceedings can be taken until after the beginning of the last year of the term of the mayor elected at the election following the rejection of the act. Any city which, having adopted the act, has been operating under it for at least six years, may resume its charter by a majority vote at a special election called in compliance with a petition containing the names of twenty-five per cent of the legal voters of the city.

Shortly following the election at which any city adopts the provisions of the act, a primary election is to be held in such city for nominating candidates for commissioners. In this primary election, a name may be placed upon the ballot by a petition filed with the city clerk and containing the signatures of qualified electors of the city equal in number to at least one-half of one per cent of the entire vote at the last preceding general election, and in no case less than twenty-five. Although no voter can sign a petition for more candidates for nomination than the number of commissioners to be elected, it is conceivable that there might be several hundred names upon the ballot at the primary election. These names are arranged upon the ballot in alphabetical order, and, in one of the most important provisions of the act, it is expressly required that the ballot "shall have no party designation or mark whatever indicative of the source of the candidacy or of the support of any candidate." Since candidates can be nominated in no other way than by petition, it will be seen that a very thorough-going attempt has been made to eliminate the predominant influence of the party machine in nominations. At the final election succeeding the primary election, five commissioners are elected in cities having a population of ten thousand or more. In smaller cities three commissioners are elected. The official ballot at the final election contains twice as many names as there are commissioners to be elected, and are taken from the list of candidates who obtained the highest number of votes in the primary election. The commissioners elected at the final election serve for a term of four years. Upon their induction into office, the members of the city council and all other city officers, except those protected by civil service laws, immediately and *ipso facto* go out of office.

To the board of commissioners thus created are given all legislative, judicial, and administrative powers previously possessed by the mayor and city council and all other legislative and executive bodies in the city. In cities adopting the act and having a population of ten thousand or more, five departments of city government are created which are designated: (1) Department of Public Affairs, (2) Department of Revenue and Finance, (3) Department of Public Safety, (4) Department of Streets and Public Improvements, and (5) Department of Parks and Public Property. The five commissioners, at their first meeting, choose one of their number to be

mayor, but the latter has no veto or special powers, other than those ordinarily pertaining to the office of president of the board. The act requires that the mayor shall be the director of the Department of Public Affairs. The commissioners, at their first regular meeting, designate by majority vote one commissioner to be director of each of the other departments. The division of the business of the city among the departments is determined by the board. The commissioners are given large powers of appointment and removal. They may create such subordinate boards and appoint such officers as they deem desirable. Any such board or officer may be abolished or removed from office by the commissioners at any time for cause, after a public hearing, and the commissioners themselves are made the sole judges of the sufficiency of the cause of such removal. It is provided in the act that "all officers or employees of the city shall be elected or appointed with reference to their qualifications and fitness and for the good of the public service and without reference to their political faith or party affiliations." There is no method, however, of enforcing this provision except by the pressure of public opinion. Every elective officer of the city is required, under penalty of removal from office, to publish, within ten days after qualifying, a sworn statement of all his election and campaign expenses, and by whom such funds were contributed. It is further made unlawful for any candidate for office or any officer of the city to give or promise any person employment or any reward of value for the purpose of influencing his vote. The annual salaries of the commissioners vary from \$5,000 in the largest cities to \$50 in the smallest villages, the mayor in each case receiving slightly more than the other commissioners.

All the meetings of the commissioners, both regular and special, are open to the public, and any citizen may have access to the minutes, upon application to the clerk. Every proposed ordinance must be published in the city before being finally passed by the board, and the more important ordinances, such as those appropriating money or granting franchises, must remain on file with the city clerk for public inspection at least two weeks before final passage. The board is given the usual powers of passing police ordinances and enforcing them by the imposition of fines and imprisonment. In order to validate any ordinance which operates to increase the net bonded indebtedness of the city to a sum in

excess of ten per cent of the assessed valuation of all property within the city, a popular referendum is necessary and the proposed ordinance must receive the approval of a majority of those voting at the referendal election. In order that the public may be kept informed of the condition of the city's business, it is required that the board shall each month publish within the city a detailed itemized statement of all the receipts and expenditures of the city, and a summary of its proceedings during the preceding month. Similarly, it is required that an annual audit of the books and accounts of the city be made by competent accountants and the result of the examination published for the information of the public.

Every officer and employee of the city is expressly forbidden to be in any way interested in the profits of any contract or work to be done for the city or for any public utility operating within the city. Policemen or firemen in uniform may accept free transportation from street railway companies, but every other city employee is forbidden, under penalty, to accept any free transportation or free service or rebate from any public utility company operating within the city.

In some of its principal features the New Jersey law follows the Des Moines plan. This is true in the case of the non-partisan primary, already described. In order to place in the hands of the people some check upon the very considerable powers lodged in the board of commissioners, the additional features of the initiative, the referendum, and the recall are also adopted from the Des Moines plan.

Any proposed ordinance may be submitted to the board of commissioners by petition signed by qualified voters of the city. If the number of signatures to the petition equals fifteen per cent of the votes cast at the last preceding general election, the board must either pass the ordinance without amendment within twenty days or forthwith call a special election for the purpose of submitting the proposed ordinance to the vote of the people. If the petition contains signatures equal in number to more than ten, but less than fifteen per cent of the votes at the last election, the same procedure follows, except that no special election is called, but the proposition may be submitted to the people at the next general municipal election occurring within thirty days. The ordinance thus submitted to the people becomes valid if the majority of the votes

cast are favorable; and any ordinance adopted by a vote of the people cannot be repealed or amended except by a vote of the people, but the board itself may submit to the people a proposition for the repeal or amendment of any ordinance adopted by popular vote. The board may also, *suo motu*, submit any proposed ordinance to a vote of the people which it or the people are qualified to enact. No ordinance, except so-called "emergency" ordinances passed by a two-thirds vote of the board, goes into effect until ten days from the date of its final passage. During this interval, a petition of protest against the passage of the ordinance may be submitted to the board, and, if signed by electors of the city equal in number to at least fifteen per cent of the vote cast at the last preceding general municipal election, the ordinance is thereupon suspended from going into effect. It then becomes the duty of the board to reconsider such ordinance, and, if it is not entirely repealed, the board must submit it to the people for approval or rejection by a majority vote.

If the voters are dissatisfied with the acts of any elective city officer, a special election is required to be called upon a petition containing the duly authenticated signatures of qualified voters equal in number to twenty-five per cent of the total vote at the last election, and demanding the election of a successor to the person sought to be removed, together with a general statement of the grounds for which the removal is sought. At the special election, held a month after the filing of the petition, the officer sought to be removed may be a candidate to succeed himself, and the names of any other candidates for his position appear upon the ballot. If the incumbent receives the highest number of votes, he of course retains his office; if not, any other candidate receiving the highest number of votes is elected in his place. In order to increase the terrors of the recall, it is provided that no person who has been recalled from office, or who has resigned from such office while recall proceedings were pending against him, shall be appointed to any office within one year after such recall or resignation. In order, however, to place a check upon a too hasty or inconsiderate use of the recall, and to give the officer an opportunity fully to establish his policy, it is provided that no recall petition shall be filed against any officer until he has held his office for at least one year, and that only one recall petition can be filed against the same officer during his term of office.

ADOPTIONS AND REJECTIONS UNDER THE COMMISSION STATUTE OF NEW JERSEY

BY JOSEPH A. DEAR,

Editor *Jersey Journal*, and President of the Jersey City Commission Government League.

The results obtained thus far in the elections held in New Jersey upon the adoption or rejection of commission government are full of interest, and though the record in the six big cities of the state is four to two against commission government, it is nevertheless full of encouragement for commission government advocates, as a little attention to some of the election details will quickly prove.

The order in which the elections in the six cities were held and their results were as follows: Bayonne (population 55,545), for commission government 2,212, against 2,217, majority against 5. Trenton (population 96,815), for 6,792, against 4,890, majority for 1,902. Hoboken (population 70,324), for 2,969, against 4,922, majority against 1,953. Jersey City (population 267,779), for 11,585, against 13,068, majority against 1,483. Passaic (population 54,773), for 1,792, against 861, majority for 931. Paterson (population 125,600), for 4,917, against 7,984, majority against 2,967. These results have been the cause of great glee to the opponents of commission governments, particularly the defeats in Bayonne, Hoboken and Jersey City, all of which are in Hudson County and just across the Hudson from New York. The victories in Trenton and Passaic speak for themselves and little needs to be said about them except that in both cities hard and intelligent campaigns were waged.

In Paterson the result was a foregone conclusion and the verdict there had in a way practically nothing to do with commission government. Only four years ago Paterson changed its system of city government by placing in the mayor's hands all power to make appointments, thus doing away with the divided plan of a mayor, and an independent street and water board, such as Jersey City still has. Paterson's mayor under the new system has given a very satisfactory account of himself and the city's undeniable improve-

ment under the new plan, as compared to the conditions four and more years ago, made altogether too difficult the problem of convincing the citizens that still another change should be made. As a matter of fact, Paterson, under its present system, with its centered responsibility in the mayor, has already many of the essential features of commission government.

It is in Hudson County that commission government has apparently been overwhelmed. Yet the explanation is easy. It is all in the count. The three Hudson County elections were all held under election conditions that have prevailed here for years, but have now been absolutely changed by a new election law, requiring proper registration, civil service for election officers, and removing the election officers from the control of the machines. Both machines fought commission government in all three cities and were actively helped by their own election boards. A detail or two will be enough to tell the story.

In Bayonne commission government lost by five votes only, but in the recount it was discovered that one ballot box held fourteen more ballots than there were voters in that district. In Hoboken reliable information has been secured that eighty fraudulent votes were cast in one district and the investigation of the election that has so far been made shows over thirty-five hundred new voters since the last election, every one of them fraudulent. Only those who voted last year could, under the law, vote at the commission government election. The highest total vote in Hoboken last year was for councilmen and was 9,259. A complete canvass of this poll list shows that 4,854 of this number did not vote at the special election. Yet 7,944 did vote and these added to those who did not vote make 12,798 or 3,539 more than had any right to vote. In Jersey City commission government was defeated in the first, second and third wards, where fraudulent voting, because of the lodging houses and dense tenement population, has always flourished. In these three wards a majority of 3,719 was rolled up against the proposed change in the system of city government though no city so sorely needs such a change as does Jersey City. But even with this great help commission government was beaten by only 1,483, a victory for the machines so meagre that the politicians were dumfounded.

Election frauds in Hudson County, where they have flourished

many years, are practically over now. The new election law has made many of the old tricks impossible, and with election officers no longer in the absolute control of the machines, fair and honest counts will hereafter be the rule and not the exception. There is scarcely a man who worked for the adoption of commission government in Hudson County who is not firmly convinced that an honest count would have given commission government the victory in both Jersey City and Bayonne, and even in Hoboken those most concerned in the campaign for commission government give it as their opinion that an honest election would have given them the victory also. What has been thus far brought to light seems to justify these beliefs.

Anyone who argues from the election results that the large cities of New Jersey are opposed to commission government is treading on dangerous ground. In Bayonne, Hoboken, and Jersey City the belief is widespread that when this question is again submitted to the voters, as it will be at the first opportunity, commission government will be adopted by all three cities.

PART TWO

Problems of Commission Government

FRANCHISE PROVISIONS IN COMMISSION CHARTERS AND STATUTES

BY DELOS F. WILCOX,

Author of "Municipal Franchises" and Chief of the Bureau of Franchises of
the Public Service Commission for the First District, New York.

It cannot be denied that many intelligent citizens look upon public utility corporations and managers as corrupters of political morals in cities,—not universally, but on the whole. Neither can it be denied that many public utility managers look upon aldermen and other public officials as grafters and "hold-up" men,—not in every case, but so generally as to make a really honest official a rare exception. There is no use in blinking the fact that these opinions prevail. They reflect what is perhaps the most deep-seated and most widespread malady of the American body politic. The streets and highways of a city may well be compared with the veins and arteries of the human organism. Anything that affects the control or uses of the streets or diverts them from their function of serving the entire body politic impartially, is like an infection of the blood or a choking of the arteries.

This evil of politics,—it is not exclusively an evil of city or even of local politics, but affects all politics that have to do with the control of the highways of travel and communication,—is based upon a wrong conception of the nature of the highway and its normal relation to government. The street is the open road, the common channel, the people's path, the very means of civic life free to all members of the community to use in a public, but not in an exclusive way. The free highway is the bulwark of democracy. It stands for the public weal. It is the link that binds individual men together in a community. It is the irreducible minimum of practical socialism in any well-regulated city or town. Without regard to the strictly historical and legal development of the ownership and control of public streets, we have reached a stage of political development where we can begin to see what the highway means in the political science of the world. Some lawyer or historian

may say that the highway is not an adjunct of democracy at all, but has been from the earliest times the staff of autocracy and the means of establishing commercial overlordship. But the fact that the highway has not always been free, does not disprove that the control of the highway is of the very essence of sovereignty. He that owns or controls the highway is king. The very shibboleth of democracy is, "The highways must be free."

This fundamental proposition has not been fully recognized. Cities and states have acted upon the theory that certain portions of the public easements in the highways could, with propriety, be transferred to private individuals, either perpetually or for long periods of years, to enable these private persons to exploit the streets for profit, and, incidentally, to perform a public service. Only occasionally has the moving purpose in the alienation of public franchises been the performance of a public service, with the making of private profit secondary or incidental. When the complexity of civilization and the growth of population in cities make new and complex demands upon the street,—for example, that it shall be fitted up with a special iron roadway for passenger cars; with different sets of underground pipes to convey water, sewage, gas and steam; with conduits and pole lines to accommodate wires; and with wires to convey electrical currents for light, heat, power and communication,—the government may adopt one of two policies. It may keep abreast of the times, not shrinking from the full performance of its functions, and change the structure of the street by adding these various improvements as they are needed. Or, it may acknowledge its inability to perform its own functions, and may delegate them to private parties for profitable exploitation, as the Roman emperors used to farm out the provincial taxes. Democracy will have none of this second policy. It is contrary to the very idea of free government that public functions should be delegated to private persons to be performed by them under the guidance of profit as their motive of exploitation. It is an abnormal and monstrous thing, viewed from the standpoint of democracy, that anybody should receive from the government a special privilege enabling him to *get rich* out of the performance of a public function or out of the use of public property. The recognition of this abnormal thing as the regular, established policy of American cities has had in it not merely the possibility, but the

very necessity of corruption. The thing itself is corrupt. As flies are attracted to a sugar jar, so grafters are attracted to public offices where such corrupt things are done. As unsophisticated country girls lured to a brothel and compelled to participate in immoral practices are transformed into fallen women, so honest men elected to office where they are surrounded with the atmosphere of corruption and where bribery is the logical outcome of the prevailing theory of governmental functions, are turned into grafters. Between those who seek office for the opportunity to graft and those who are made grafters by the temptations and opportunities of officeholding, American municipal politics have fallen into a condition that has long been recognized as a national menace. We cannot assume that this condition will be permanent, as that would mean the very destruction of our city civilization. We cannot let the condition alone, hoping that it will work itself out, for it will not. The only course open to us is to study it, turn the searchlight upon the fundamental causes of it and remove those causes.

More important, probably, than any other one cause of bad city government—perhaps more important than all other causes combined—is this wrong attitude of the government toward the streets. In the use of official power to grant to private persons special privileges in the streets that ought never to be granted at all, is one of the chief sources of graft. It is, therefore, in the development of a right franchise policy that the greatest hope of improving municipal politics lies. It is especially important in the early days of a great municipal reform like the establishment of the Commission Plan of Government in the cities of the United States, that the hope of increased efficiency from the new form of governmental organization shall not be allowed to founder on the rock of corruption, which chokes the narrow channel leading into the harbor of good government, no matter by what sort of a boat we try to enter. The only safe course is to blast out the rock and clear the channel.

In the drafting of a city charter, these four fundamental propositions should be kept in mind, namely:

1. The city should take the initiative in the establishment of public utility services.
2. The city should own the streets and all the fixtures in them.

3. The speculative element should be eliminated from public utility investments.

4. The city should keep continuous control of the maintenance, equipment, location in the streets, extension, service and rates of public utilities, either through public operation, or through indeterminate franchises with adequate arrangements for public supervision.

In the first place, why is public initiative proper and necessary in establishing public utilities? Perhaps in the case of certain new and experimental utilities, such as the electrical transmission of music, where the service is limited to a comparatively few people, private initiative, under strict conditions as to the occupancy of the streets, may be permitted. But in the case of all well established utilities, such as water, gas, street railways, and electric light and power, there is no need of some private promoter to tell the citizens of a town or the residents of a particular street when they need the service. It is a common need that the people feel and the city should provide for. It can be supplied only through the laying of fixtures in the streets. The placing of these fixtures has an important relation to the construction, drainage, paving, and maintenance of the street itself and should be provided for in advance in connection with street improvement work. Moreover, all well established utilities have such a marked influence upon the physical, social, and industrial development of a city, that an up-to-date government belonging to the people and performing its full function, must actively control the installation and extension of these utilities. Furthermore, public utilities being naturally monopoly services, not subject to competition, and using public streets in a special way, cannot be left to the control of ordinary private motives. Every consideration of public policy demands that the rates for these services be kept as low as possible. Consequently, there is no legitimate room for the promoter who organizes new enterprises only for the purpose of over-capitalizing them and getting away with a big profit. This does not mean that there is no room for engineers who make a business of installing utility plants. It does mean that a city should know when it needs a water plant, a gas works, or a street railway, and should then proceed to get one, taking advantage of the best expert service available for the purpose. The necessity for public initiative is even more apparent in the case of extensions of an existing service

to outlying or undeveloped areas. It often happens that where extensions are left to private initiative, development is along lines that wholly neglect or even run counter to the most imperative demands of public welfare. This is particularly true in the case of street railways.

In the second place, why should the city own the streets and all the fixtures in them? Some reasons that apply here have already been given. In any community the streets are instruments of political control. Where the citizen is king, every street must needs be the king's highway. If these channels of the common life are encroached upon by private interests, there results, as it were, a thickening of the artery walls of the body politic, the effect of which upon the spirit of a city is like that of the corresponding human disease upon the courage and power of the individual man. Impotence is not conducive to courage and virtue, and the city whose people thread their way softly through streets whose most valuable easements have been parceled out to powerful, clutching, private interests finds itself stripped, tied hand and foot, and made the sport of the overlords of modern society. This picture is not overdrawn. An illustration of the helplessness to which the private ownership of street fixtures reduces a city is found in the case of New York, where for a dozen years many miles of horse car tracks, not used at all or only used by a "franchise-carrying" car, have cumbered the streets, while the great city whose population is equal to that of the State of Ohio, and the taxable value of whose site alone, without improvements, is four billions of dollars, and whose annual budget is now \$175,000,000, has not dared to pull them up. The city official in charge of the highways of Manhattan has been afraid of going to jail if he touched these precious relics of bygone times, which serve to remind the citizens that they should be humbly thankful to be allowed to walk through the public streets of New York without paying toll. The city should own the streets and all the fixtures in them because it cannot afford to own any less and because, as a business proposition, the streets should be subject to unified and impartial control. Else the streets cannot perform their ever-increasing functions.

Practically, we have to recognize the fact that the ownership of street fixtures is already in large measure in private hands, and this condition can be changed only by condemnation or voluntary

purchase. In many cases, neither of these means is immediately practicable. It is necessary, therefore, to prepare the way in the franchise provisions of a city charter for the ultimate acquisition of these fixtures and for the ownership of all new fixtures from the beginning, or at least for their reversion to the city after a brief period of operation.

In the third place, why should the speculative element be eliminated from public utility investments? If the city owned the streets and all the fixtures in them, this portion of the investment would be at least as secure as municipal bonds, and the investment represented by the stocks and bonds of the public utility corporations would be limited to rolling stock and portions of plant not in the streets. This change in itself would greatly reduce the capital value of franchise corporations, both by the reduction in the amount of physical plant owned by them, and also by the reduction in the franchise value sure to result from the increased control over the streets arising from the ownership of the street fixtures by the city. There might still be large franchise values if the city improvidently leased its street property for long periods on terms favorable to the lessees, as was the case with the original New York subway. It is a fact that under its fifty-year lease, the Interborough Rapid Transit Company, at the rate of profit realized in 1910, could pay the city's rate of interest on the entire investment for both construction and equipment of the subway and, in addition, set aside an annual sum for amortization which, accumulating at four per cent per annum, would, before the end of the lease, provide a fund four times as large as the entire capital cost of the subway and its equipment. Strange as it may seem, the speculative element in public utility securities increases with the increase in the value of the franchises. This is so because the possibility of large profit in relation to visible investment tempts security jugglers and makes the real value of the security uncertain. Hence the most important means of eliminating the speculative element in public utility stocks and bonds is to eliminate the franchise value as far as possible. That the stocks and bonds of a company performing a public service by the use of public property under a franchise or lease ought not to be subject in any marked degree to manipulation and speculative changes in value is evident, both from the obvious injustice of permitting private parties to

reap exceptional profits or to risk exceptional losses in rendering necessary public service by means of special privileges in the streets, and from the patent folly of permitting the extent and character of these public services and the maintenance of public property to be dependent upon the exigencies of private speculation. It is notorious that stock jugglers let public utility plants run down, starving maintenance to swell dividends, or swelling capital account to decrease operating expenses. It is wicked for a city to permit its public utilities to be so managed as to render unsafe the capital honestly invested in rendering service, and it is equally wicked to pass out favors in the way of franchises that enable a particular group of private individuals to amass riches by levying tribute on their fellow citizens. Bankruptcy and exorbitant profit-making in public services are alike a disgrace to the city where they are permitted.

Finally, why should the city keep continuous control of the maintenance, equipment, location in the streets, extension, service and rates of public utilities? The short answer to this question is,—because public utilities are public functions and the city has no right to abdicate the control of the performance of its own functions. In elaboration of this answer, it may be said that the available space in the streets is so limited and the demands upon it are so great as to make it imperative for the public authority to keep a continuous control of the distribution and redistribution of this space for various public uses, and that the utilities are so vitally related to the growth and welfare of the city as to render it imperative for the city to be at all times in a position to compel the maintenance of the plant at the highest practicable standard of efficiency with adequate equipment, safe and sufficient service, reasonable expansion and rates as near cost as is consistent with the gradual amortization of the capital and a fair annual return on the investment.

The first requisite of public control over franchises is that the city should possess the unequivocal right to acquire, construct, maintain and lease or operate any or all of the principal public utilities. If this right is not granted in the state constitution, it should be granted by the general statutes governing cities or by the special law constituting the city charter. The right to own and operate utilities should be broad enough to include the power

of eminent domain both within and without the city limits and the right even to distribute utility services to suburban communities to a limited extent. Care must be taken that these rights are not rendered barren by the financial limitations imposed upon the city in other parts of the constitution, general laws, or special charter. While perhaps it is proper that a debt limit should be prescribed for cities, this limit must either be a very liberal one, or the bonds issued for public utility purposes must be excluded from it. If the utilities are conducted on a thrifty basis, so that the income from them will be adequate to pay operating expenses, depreciation charges and interest on bonds, and at the same time provide a sinking fund for the gradual amortization of the capital, the debt incurred for such utilities is not a burden either upon the credit or upon the tax rolls of the city. In fact, it is directly the opposite of this. The more money a city borrows to put into public investments that will be self-sustaining, including a provision for a sinking fund, the stronger its financial position becomes.

It is a common reproach against municipal ownership and operation that cities, by means of slipshod accounting methods and political financial reports, cover up the real cost of the utilities they operate and thus mislead the public into thinking that a great saving is being made where the fact may be just the contrary. For this reason, as well as on account of the inherent necessity of orderly administration, the charter should specifically require a city to keep distinct books of account for each public utility owned or operated by it, showing the true and complete financial results of city ownership or operation. Every unit of service rendered, whether to individuals or to other departments of the city, should be accounted for, and all the necessary allowances for operating expenses, depreciation, sinking fund charges, insurance and even taxes should be made in the utility accounts, so as to make the results of city ownership comparable, directly and in detail, with the results of private ownership.

It is not possible or desirable in a general statute or a city charter to describe in detail the provisions of the franchises to be granted from time to time by the city to private companies. It is necessary, however, that the procedure to be allowed in granting franchises should be specifically prescribed. Some charters go to the extent of requiring that every franchise shall receive the

affirmative vote of the electors before going into effect. This policy is advocated chiefly with the idea of safeguarding the public rights and minimizing the possibility of corruption. The submission of all franchises to popular vote gives rise to greater difficulties in some cities than in others. Where the relation of the city to public utilities has been worked out in a rational way, so that each utility is treated as a natural monopoly, and, if operated by a private company, is operated under a single comprehensive franchise, no harm can result from a charter provision requiring that every franchise grant shall be submitted to popular vote. If, however, the city has to grant a new franchise whenever an extension into a new street or a readjustment of tracks or pole lines is to be made, then the policy of the obligatory referendum may become burdensome and ineffectual. It seems that, under such conditions, it is sufficient to provide that a franchise grant shall not go into effect until, say, sixty days after its passage, and that in case a certain specified percentage of voters ask, within that time, to have it submitted to popular vote, then it shall not go into effect until ratified by the people. The council, or board of commissioners, ought to have the clear right, on its own motion, to submit franchise ordinances to popular vote.

The question of the advisability of providing for the popular initiative on franchise grants is a more difficult one. It must not be forgotten that franchises are contracts and in that respect are quite different from ordinary laws and regulations, which may be repealed from time to time if they prove unpractical. It is essential to the public welfare that all franchise ordinances should be scrutinized by experts and carefully worked out in detail before they are finally adopted. The only reason for permitting the use of the initiative in franchise grants is the fact that the legislative body may be so strongly under the influence of established public utility companies as to be unduly conservative in regard to making new grants. Such conservatism, however, is usually in the line of maintaining a unified service and preventing the logical wastes of competition. Nevertheless, it is so important for the people of a city to have complete and ultimate control of their governmental affairs, that the popular initiative may be permitted even in the granting of franchises if the exercise of the initiative is properly safeguarded. It is obvious, both from reason

and from experience, that a public service corporation with large financial ability and a great staff of employees can much more readily draft a franchise satisfactory to itself and secure sufficient signatures to get the franchise submitted to the people, than anybody else, working in the interest of the general public, can do these things. It is important, therefore, to guard against a subversion of the real purpose of the initiative and to prevent its being used as an instrument to curtail rather than to extend the continuous public control of the city streets, which is necessary to a well governed community. No franchise, whether granted by the legislative body, with or without the referendum, or granted by the electors on popular initiative should ever go to vote until it has had complete and prolonged publicity, nor until its provisions have been carefully examined and publicly reported on by a responsible and competent public expert, commission or committee. In the case of franchise ordinances initiated by petition, it would be best to require that, before being submitted to a vote, they be referred to the legislative body or the city's utility experts, and to provide that amendments or a substitute ordinance may be submitted by the city authorities at the same time with the ordinance initiated by petition. In all cases provision should be made for the publication of a proposed franchise several weeks in advance of its final adoption. Such publication should be either in a newspaper of general circulation or in pamphlet form properly advertised.

Public control over franchise utilities cannot be intelligently or effectively exercised except on the basis of detailed and intimate knowledge of facts. If the city is to maintain adequate control of the streets, so as to be able to apportion the available spaces economically to the several uses to which the streets must be devoted, a complete record of existing street structures and measurements is necessary. One of the fundamental requisites of the city's policy—one that is of sufficient importance to be prescribed in considerable detail in the city charter—is the keeping of systematic records relating to the streets. There should be, first, a street record containing maps, documents, diagrams and indices to show for every street in the city the location and history of all the utility fixtures above, below, or on its surface. There should be, second, a franchise record containing complete and correct copies of all franchises or grants for public utility purposes, with an index showing

the names of the grantees and of their assignees. In this record should also be contained references to all judicial proceedings and decisions affecting in any way the validity or the meaning of the franchises. There should be, third, a public utility record for each separate person or corporation owning or operating a public utility within the city. This record should contain all the franchises granted to or acquired or controlled by such person or corporation together with copies of annual reports, inspection reports and all other available information relating to the rates, property, and operation of such utility.

The control of public utilities requires so much special knowledge and such constant observation on the part of the public authority charged with such control that it becomes almost a matter of necessity, in all cities of considerable size, to establish a franchise bureau, or a department of public utilities, with a high grade expert at its head. This bureau, or department, should be charged with the keeping of the several records just described, with the issuance of permits for opening the streets in connection with the construction, repair, replacement or removal of utility fixtures, with the supervision of all street franchise work, with the examination and criticism of all proposed franchise ordinances, with the handling of complaints by public utility patrons, with the supervision of public utility accounts and with the enforcement of all the provisions of laws, ordinances, and franchise grants relating to the equipment of public utilities and the service rendered by them.

In order to insure effective public control, it is necessary that franchises should be indeterminate, at least to the extent of reserving to the city the right to terminate them within a comparatively short term of years after they have been granted and at brief succeeding intervals. With perpetual franchises, adequate control is impossible. They are not to be thought of. With term-franchises, not terminable prior to their expiration, control is made difficult by the companies' fixity of tenure. No matter what safeguards may be put into a franchise for the purpose of insuring adequate service at all times at reasonable rates, it seems to be impossible to devise any method that will foreclose the problem against the tedious uncertainties of complex and long-drawn-out litigation, unless the city is in a position simply to throw

the company out of the streets and either take over the utility itself or let somebody else take it who will be amenable to control. The indeterminate franchise, as it is known in Massachusetts and the District of Columbia, makes no provision for the purchase of the physical property in case a company's grants are revoked. The American's sense of fair dealing, as well as the insuperable intrenchment of property rights in the constitution of the United States and in the constitutions of many of the individual commonwealths, makes an intermediate franchise of this kind almost perpetual. Practically nobody desires to destroy private property invested in good faith in public utilities. It is, therefore, essential to the effectiveness of the indeterminate franchise that it should contain a clause requiring the city to purchase or find a purchaser for the physical property whenever a grant is revoked.

The reservation to the city of the right to purchase a public utility or to transfer the utility to a new grantee upon the payment of the purchase price by the latter, brings us to one of the most difficult and important points in the whole problem of municipal franchises. Here is the point of most determined conflict between the public interest and the private interest involved. It is of the very essence of intelligent public policy to keep down the debt that is represented by public utilities, if they are owned by the city, or the capitalization of them, if they are owned by private companies. If the purchase clause of a franchise is not carefully drawn, the city is likely to find itself in the unhappy position where it will become less and less able as time goes on, instead of more and more able, to take over the utility in question. It is obvious that a purchase clause which, for financial reasons, cannot, as a matter of fact, be used is useless in maintaining public control. It is the universal instinct of public utility corporations to pile up capitalization, issuing bonds with no expectation of ever paying them off except by the issuance of other bonds. When it comes to a matter of fixing the purchase price for a public utility or of determining the method by which the purchase price shall be fixed at some future time, a private corporation is doggedly persistent in trying to force up the valuation. This tendency may manifest itself in one of two directions. The company may, by neglect of maintenance and depreciation charges, let the property deteriorate while extraordinary profits are being

taken out of the enterprise. A company knows very well that, even if its plant is in ramshackle condition, the city will have to pay a good round sum for it. If the utility is being operated under strict control, the company is more likely, however, to attempt to increase the aggregate purchase price by insisting on a bonus for the termination of the franchise and by adding further percentages to physical valuation on account of good-will, going value, brokerage charges, insurance, superintendence, contractor's profits, and a dozen and one other things for which an argument can be made. Often, what is really the same item is included under several different names. It is fatal for the city to adopt the attitude of compromise in dealing with public service corporations, in the sense of following the path of least resistance. The only way for the city to become and remain master of the situation is to follow the path of greatest resistance and to hammer capitalization and purchase price down to the minimum.

One of the points of honest difference of opinion among students of public utility regulation is the question of whether or not a public service company should be required actually to amortize and thereby reduce its capital out of earnings. It is one of the results of the movement for the regulation of rates, with the uniform and scientific accounting required to make rate regulation rationally possible, that companies are no longer permitted to conceal their profits by investing surplus earnings in the improvement or extension of plant. The very effort that is made to bring about a reduction in rates tends, therefore, to constant increase of the capital account. It should not be supposed, of course, that a company which has built up its plant in large measure out of earnings and has thus either maintained a small nominal capitalization or has made good a capitalization that was originally well watered, will consent to the purchase of its property on the basis of the capital actually supplied by its stock and bond holders. A company always claims the benefit of the additions to plant made out of surplus earnings whether the question at issue is the regulation of rates or the purchase of the property. It is logical, therefore, to provide, as public regulation now does, that all new investment shall be charged to capital account. A careful consideration of the nature of public utility enterprises, especially from the point of view of the desirability of ultimate municipal ownership,

makes it clear, however, that the desire to regulate rates down to a minimum should not be carried so far as to prevent the amortization of capital. A city that built its streets, its water works, its docks, its schoolhouses, and all other public improvements out of borrowed money and never set aside a sinking fund to pay off the debt, but continually increased its bond issues for all additions and betterments of its plant would be considered as more improvident and reckless than even the worst governed city *now* dares to be. It seems obvious that the same rule in regard to the amortization of capital investment should be applied to public utilities occupying the public streets, even though they happen to be owned and operated by private parties under public franchises. It should therefore, be a fundamental item in the franchise policy of every city, so fundamental as to be inserted in the city charter, that provision be made in every grant for the gradual amortization of investment out of earnings. This policy, if prudently followed, would make the purchase clause practically effective and make it easier instead of more difficult as the years go by, for the city to acquire the various public utilities.

It has already been noted that public control is dependent upon a complete knowledge of facts. This necessity includes not only a knowledge of the extent, location and value of physical structures, but also a detailed knowledge of the financial transactions and results of operation. The regulation and publicity of public utility accounts are fundamental, and should be provided for in every city charter. The forms of books and accounts to be kept by the companies should be prescribed by the Board of Commissioners on the recommendation of the public utility department or bureau. Where there is a state authority charged with the supervision of public utility accounts, the forms prescribed by the city authorities should not be in conflict with the forms prescribed by the state. It will often happen, however, that the city will desire to supplement the state requirements in matters of detail. All public utilities operated by private companies should make, yearly or oftener, statements to the city showing the status of their property, accounts and finances in such detail as may be required by the proper authorities.

It is still regarded in many quarters as a sign of civic thrift to require public utility companies to make heavy payments to

the city in compensation for their franchises. This idea is founded upon the theory that public utilities are private enterprises using public property for profit. With the recognition of the fact, which becomes more obvious every passing year, that public utilities are, in theory as well as by practical necessity, public enterprises, it becomes more and more clear that the policy of exacting heavy money compensation for franchises is a mistaken one. A public utility should be operated so as to give the most widely distributed and best service practicable, substantially at cost. If it is necessary as an incident of private operation, to permit an increment of profit over and above the minimum return upon capital invested, the city should provide for a division of net profits with the operator, the city's share to be put into a sinking fund or to be added to the amortization fund, so as to hasten the day when the investment can be wiped off and the cost of the service reduced, or the quality and extent of service increased, or both. The public nature of the principal utilities, such as water works, street railways, gas works, electric light plants and telephone systems, is so inherent that it would even seem best not to tax public utility plants at all, at least not to tax those portions of the plants consisting of street fixtures. There seems to be no more reason for taxing street railway tracks than for taxing asphalt pavements, and no more reason for taxing electric light conduits than for taxing sewers. It should be noticed, however, that this policy is to be applied only in the case of utilities operated under modern franchises so conditioned as practically to eliminate the value of the franchise itself. The franchise slogan of an up-to-date city would be: Compel public utility corporations to render such good service at such low rates as to take all of the monopoly value out of their privileges, but do not tax them, unless it is for the purpose of establishing a fund supplementary to, or in lieu of, an amortization fund.

BUDGET PROVISIONS IN COMMISSION-GOVERNED CITIES

BY L. G. POWERS,

Chief Statistician, Bureau of the Census, Washington, D. C.

The commission form of government is being advocated at the present time in the United States by the two classes of people who are as widely separated in their motives for urging its introduction as the poles of the earth. The members of one of these classes favor the Galveston or Des Moines plan, because they believe it will afford the masses a better knowledge of and control over municipal affairs, and that there can be no progress or improvement of city government without the active participation of the people as a whole in such government. The second class advocate the scheme from an opposite motive. Its members despair of popular government and favor a benevolent despotism, which they conceive the commission plan of government to be. But strange as it may seem, both classes urge the adoption of the commission plan because it secures a greater publicity of affairs, and through that publicity, more economical and efficient administration.

But publicity, or providing information for the use of the public, cannot be a factor of continuing good government, unless the popular judgment based on that information and the popular control which results therefrom are beneficial. In urging the added publicity that follows the introduction of the commission form of government as a reason for the adoption of that form, the advocates of a benevolent system of municipal despotism in reality discard their theoretical position and recognize that democratic government based upon popular intelligence is the only form that can be depended upon to be efficient and economical. In other words, they tacitly admit that more democracy is the cure for the ills of democracy as we now find them in city governments.

The writer will not here discuss the question of how the various cities introducing the commission form of government have been given greater publicity of affairs as the result of the adoption of the

new organization. A hasty, and therefore more or less imperfect study in this field, discloses the fact that the added publicity and the increased popular interest which have been awakened, thereby resulting in better government, have had different contributing factors in the cities so far introducing the new form. Some of these factors are local and transient in their nature, and cannot reasonably be expected to be continuous in their operation, and hence assist in securing economy and efficiency of government for any great numbers of years. Only one of them can be made a continuous and potent agent of governmental publicity, and that is the budget, or annual appropriation act. It is for this reason that commissions which, by the present popular wave, are being intrusted with a large place in the government of our cities, if desirous of advancing efficient and economical, as well as wise administration, will find a scientifically arranged budget supported by proper accounts, reports and supplementary statements, the most effective agent for keeping in touch with the people, and bringing them to the support of good plans for the administration of city finances.

But how shall a budget be so arranged as fittingly to be called "scientific?" Or what shall be its provisions that it may, by the publicity that it affords, be a continuing factor of good, efficient, and economical government.

In present city governments by councils and executive officers, budgets too frequently are patterned upon the financial statements of private corporations, which are so arranged as to conceal from the stockholders and from all but a selected few, the real results of financial transactions and the real condition of business affairs. The private corporations referred to use as one of the agents of this concealment what accountants call "secret reserves," or assets covered up under designations that make them appear as negations of property, or even as liabilities. Such statements in private corporate accounting are nearly always made for the purpose of enabling those manipulating accounts and statements to secure a gain for themselves at the expense of the great body of the stockholders, and whether made with such intent or not, they always work to that end.

Governmental budgets framed along the lines of private corporate accounts and statements with secret reserves are statements of proposed expenditures and of methods of providing money for

meeting the same whose significance a limited few in the legislative bodies fully understand, but which is not apparent to the average person, who will give to it a meaning quite different from its actual significance. Such budgets may be employed by city commissioners; but if so used to any great extent, will inevitably lead to graft, inefficiency, and wastefulness; and that form is doomed. The correlative of private secret reserves is usually found in the incompleteness of city budgets and their lack of systematic arrangement, and thus of lucid or intelligent presentation. These defects will be considered in the order here mentioned.

To be an instrument of complete publicity concerning proposed financial transactions, municipal budgets must have the same characteristics as the budgets of the British National Government, from which we derive the word "budget" with the significance which it now has in municipal affairs. They must be complete statements of the proposed expenditures for the ensuing year, with financial proposals founded thereon, including statements of proposed tax rates and moneys to be obtained by the use of governmental credit.

A complete budget, such as has been here described, whether framed along intelligible lines for details, or otherwise, shows the relation of revenues to expenditures and the net effect of the proposed financial transactions of the year upon the amount of municipal indebtedness. It discloses whether the expenditures will exceed or fall short of the revenues, and thus whether the expenditures must be met in part by the issue of bonds or other forms of credit, or whether the end of the year will find the city's indebtedness decreased, or its available resources increased. This information is needed by the commission under that form of government, or its members cannot have the basis for any broad or comprehensive plans for the administration of city finance, without which neither they nor any other set of government officials can administer municipal affairs either intelligently or well. Further, without giving the citizens of the municipality this information in the budget, or otherwise, there can be no basis for an intelligent popular judgment concerning the wisdom of the general plans for the community. The city may have a benevolent or well-meaning despotism, but such well-meaning, or good intentions, in governmental affairs without adequate knowledge, are usually the paving stones of an inferno of bad and inefficient administration that will surely be let

loose on the community not governed by intelligence or directed by well-considered financial plans. The city will drift, under such circumstances, without any well-directed popular judgment concerning its affairs, and there is no charm in the name "Commission" that will save the community from lack of knowledge, for which the people perish to-day as in the days of Ancient Writ.

The incompleteness of American municipal budgets usually results from preparing those documents in sections at different times. Cities with the most defective financial proposals of this character are those which introduce and pass revenue appropriations, or appropriations for departmental expenses and outlays to be met from revenue, in a number of sections at different times. Cities with the least defective budgets in this respect are those which merely separate appropriations from bond issues and expenditures to be met from special assessments from other appropriations. The variation between these classes of cities is one of degree but not of character.

In making appropriations, expenditures and the resources for meeting them should be considered as parts of the same whole; and no budget of municipal expenditures should be considered complete unless it is accompanied with two proposals setting forth how the money is to be raised for meeting the proposed expenditures if authorized. The necessity for this completeness of budget can best be seen in one of its aspects when it is considered in its relation to the city planning movement. That movement has demonstrated the desirability of having comprehensive plans for the development of the commercial possibilities of cities, the location and arrangement of public buildings in accordance with designs that foster beauty and harmony of architectural arrangement, the making of park provisions for the growing population, the designing of good streets, boulevards and sewer systems, and securing adequate systems of water supply. These plans, to attain their full realization without undue burdens of debt or taxation, and without long delays and their resulting added costs, must secure the co-operation of city officials, the membership of commercial bodies and of all other civic organizations. So far, one of the desirable results of the adoption of the commission form of government has been the stimulation of the city planning movement in the cities adopting the same. But wise city planning cannot be adopted without a long look ahead, and

schemes for a number of years which will set forth for each of those years the relation of expenditures to the means adopted for providing the money for meeting the expenditures, and the presentation of annual budgets in accordance with the provisions of the city plan.

Further, any way of treating expenditures of the budget and the moneys for meeting them, other than the one here outlined, under any form of government, whether commission or otherwise, leads inevitably to departmental and personal favoritism. It leads to raising money for certain classes of expenditures in one section of the city by one method, and in another part of the city by a different one. In one section the costs of a certain class of public improvements will be financed by special assessments, while in another the same costs will be borne by general taxes or from the proceeds of bond issues. These are evils which may be found in all cities with the old council form of government and with incomplete budget statements. Similar evils must inevitably result from the same method of preparing budgets in commission-governed cities; hence, I repeat, one, and the most essential, provision of budgets in commission-governed cities must be their completeness as statements of all proposed expenditures, and of the sources from which it is planned to secure the wherewithal for meeting those expenditures and the wisdom or folly of all proposed financial measures and their relation to popular welfare now and in the future.

But completeness is not the only provision that should and must be embodied in the budgets of commission-governed cities to make them effective for good government. The budget must be arranged in a systematic and orderly manner, so that it becomes a lucid and intelligent statement of all the proposals, whose significance any one at all familiar with municipal affairs can easily grasp. The classification of expenditures should be along functional lines with items in groups and sub-groups, and arranged under heads and titles with which every one is more or less familiar. The budget is no place for exhibiting the attainments of the academic school man. The classification must be arranged to set forth the relation of the proposed expenditures to the activities of the city as the people know those activities. It must give group and sub-group totals and subordinate details for all such functional activities as those for the police department, fire department, health department, schools,

charities, hospitals, highways, sewers, sanitation, etc., with which the people are all familiar.

Without an analytical presentation of proposed expenditures arranged along functional lines as above described, city budgets in the past have often been the plaything of city bosses to fool and throw dust in the people's eyes. With an analytical presentation along scientifically classified lines, that financial statement may readily be made a most potent factor for guaranteeing an economical, efficient, and altogether satisfactory administration of municipal affairs.

Such a classification and presentation of proposed expenditures in the budget, to accomplish the results last stated, should be accompanied with an exhibit of the expenditures and receipts, or revenues and receipt from increasing debt for the preceding year. Students of municipal administration began the agitation for uniform accounts and reports quite a number of years ago. Such accounts and reports, though accomplishing much as aids to good government, have failed of realizing all the good results anticipated, and for the following reasons:

They are always statements of past transactions. If by chance they are the records of waste, inefficiency, or graft in administration, unless such waste, inefficiency and graft are striking, or even shocking in their magnitude, the exhibit of the same does not excite a great measure of popular interest. The reason for this fact is found in the popular speech when such exhibits are called a "story of dead horses." It is a closed chapter in the popular mind. The public are unwilling to waste a great deal of time around the stable door after the horse has been stolen. Now, while this is true, the same exhibit of governmental expenses presented as an accompaniment of a comparable exhibit of proposed transactions that can be prevented by a popular protest or aided by a popular advocacy will at once attract attention, as has been repeatedly illustrated by the results of the budget exhibit in New York and other cities in recent years.

The analytical exhibit of proposed expenditures and proposals for providing the resources for meeting the same is to be commended, not alone as an instrument for awakening popular interest to prevent graft, wastefulness, and inefficiency that are fostered by improper appropriations; they are more to be commended by reason of their

intimate relation to the wise and necessary increase in municipal expenditures which is called for everywhere in recent years by the fact that cities are finding out how, by enlarged public expenditures, their governments can be made to assist the people to added health, comfort, strength, and pleasure that otherwise is unattainable for them.

The analytical budget, supported by analytical reports of past expenditures, provides the basis for popular judgment concerning the relative merits or claims of the several branches of the departmental service for increased appropriations from public money; and such budgets under these circumstances tend to prevent favoritism for any one or more branches of the service at the expense of others, and also tend to secure a proper account for each and every department, whether its head is a good or a poor lobbyist or log-roller, for grants of money to be utilized under his direction.

The facts reviewed lead the writer to his second statement of the fundamental provisions to be included in budgets of commission-governed cities, a budget arrangement with expenditures classified along functional lines easily understood by the people, with the further provision that these classified statements of proposed expenditures must be supported by similar statements of the expenditures of past years.

In the classification of the expenditures of the budget, a complete separation should be made of the proposed authorized expenses or costs of governmental operation and maintenance, and outlays or expenditures for the more or less permanent properties, equipment, and improvements with a life in use of more than one year. This separation of proposed authorized expenses from outlays should not be confounded, as it too frequently is, with a special legal accounting for the proceeds of long term bond issues. The character of an expenditure is something quite different and apart from the sources or methods by which the money is obtained to meet the same, or the legal requirements for the proper accounting of such moneys. Both expenses and outlays may be financed by moneys obtained from revenues or from bond issues, and the amount from each class of expenditure which it is proposed by the budget to be financed from revenue and from bond sales should be separately and distinctly stated; otherwise the budget will not be a clear-cut statement of the relation of costs of government to methods of financing

these costs; and without such statement, no sound judgment can be predicated upon the budget with reference to the outcome of the proposed financial transactions of the year.

In the foregoing pages the writer has briefly outlined the fundamental provisions that must be contained in the budgets of commission-governed cities, in order that such budgets may assist in securing popular control over municipal administration, and aid in maintaining economical, wise, and efficient government. Those provisions may be briefly summarized by saying that to accomplish the ends desired, budgets must be—

- a. Complete exhibits of all proposed expenditures and of suggested methods of providing money to meet the same, as well as statements of the effect of such expenditures upon municipal indebtedness.

- b. Statements of the relation of the current expenditures to broad and comprehensive plans for city building, and proposed schemes for financing those plans in future, and the relation of all these plans to present and future taxation and indebtedness.

- c. Statements of expenditures classified in groups and subgroups and subordinate details, so arranged as to show the comparative wisdom of each and all, and the comparative merits of each. These statements should be supported with other statements to aid in forming correct judgments concerning the economy and efficiency of current administration.

But neither the municipal financial proposals, such as are usually found in budgets, nor the classifications described will suffice to accomplish the ends desired—the attainment of the most desirable administration of city affairs. They will not afford a city commission all the data needed for their guidance, since by them they cannot tell whether the budget itself is framed along intelligent lines. Further, if this information is not at the command of the commission, it cannot be imparted by them to the public. The budget to be framed along intelligent lines must be based upon a mass of information relating to governmental affairs, and that information must be placed at the disposal of the general public as well as utilized by the commission. The information needed for this purpose may be briefly summarized as follows:

1. Statements of the expenses of a series of prior years so classified according to function as to disclose the actual and relative

cost of every governmental activity for those years, such statements being supplemented by statistics and other exhibits showing the relative economy and efficiency of every branch of the public service, comparing one branch with others, and, as far as practicable, comparing the costs and efficiency of the several departments with those of similar departments of other cities, and showing the amounts met from general and from trust and other special funds.

2. Statements of past outlays for the more permanent properties and public improvements of the city* and of the approximate value of such properties, etc., or the cost of reproducing them in present condition. Such statements should be so arranged as to set forth the amounts expended during each of a series of years for every object of outlay, and the amounts of money obtained for meeting these outlays from bond issues and from general and trust or other special revenues.

3. Statements of the relation of net funded debt, which is gross funded debt less sinking fund assets, to the present value of the more permanent properties and public improvements ascertained and stated as described in (2). In the preparation of such statements as those last referred to, and in making the comparisons here mentioned, the greatest care should be exercised that sufficient allowance be made for depreciation, waste, loss, wear, and of obsolescence in the properties and improvements whose present values are estimated.

4. Statements of proposed expenditures for current expenses and for outlays, classified according to the functional activity for which asked. All proposals for such expenditures should be accompanied with exhibits based upon past experience, demonstrating that they are needed for securing efficient government under economical administration, and that one functional activity is not favored at the expense of others.

5. Statements for a series of years of the current contributions from revenue to sinking funds and for other methods of amortizing fixed debts. These should set forth in no doubtful manner the evidence that the amounts so contributed are materially greater than the amounts of current depreciation, obsolescence, waste, and loss in value of the properties and improvements secured by the bond issues, amortized or in process of amortization.

6. Detailed statements of the amounts, estimated as realizable

and the amounts actually realized or received during each of several years from the revenues of the city, and the amounts that were borrowed each year on long and short term obligations. Statements of estimated revenues and of revenue receipts should be classified by source of revenue and by amounts derived from or belonging to general and to trust and other special funds.

7. Estimates, based upon past experience, of the probable receipts during the ensuing year from each and all of the revenues provided by general laws other than receipts from the general property tax. These estimates should be so arranged as to show the amounts that will be available for use of the general and of trust and other specified funds.

8. Statements of the expenses and outlays for the ensuing year that it is proposed to meet by special assessments. These statements should be accompanied with other statements of the property upon which the special assessments are to be levied.

9. Statements of all cash balances of prior years classified according to the requirements of state statutes, or municipal charter provisions as to their derivation from (a) general revenues; (b) special revenues; (c) trust fund revenues; and (d) receipts from long term bond sales, and further classified with reference to appropriation incumbrances and thus shown as available for future appropriations or previously appropriated; and if previously appropriated, the special conditions attending their appropriation.

10. Statements of bonds authorized but not issued, and of the appropriation incumbrances upon the proceeds of authorized but unused loans.

11. The rate of tax levy to provide in connection with the receipts mentioned in (7) and (8) and the cash and other balances mentioned in (9) and (10) for meeting all the proposed expenses and outlays, and to contribute to debt amortization as mentioned in (4) and (5).

12. Exhibits showing all the facts relating to the borrowing power of the municipality, the amount of outstanding past loans and all loans authorized but not issued, and the other existing liabilities authorized or incurred that affect the borrowing power of the municipality.

CIVIL SERVICE PROVISIONS IN COMMISSION CHARTERS

BY ELLIOT H. GOODWIN,¹

Secretary of the National Civil Service Reform League.

The merit system of appointment to the public service is one of those checks upon abuse of power which, together with the initiative, the referendum and the recall, have been frequently associated with the commission form of municipal government. It must be said, however, that none of these checks was incorporated in the commission plan as first instituted in Galveston in 1901. The Galveston experiment and, in fact, the commission plan in its essential features, is based upon the theory of concentration of all the functions of municipal government in the hands of a small body. In its more recent development, there has been an attempt to popularize the system, arising on the one hand out of a desire to make commission government conform to democratic principles without sacrificing the added efficiency gained through concentration, and, on the other, out of fear of the abuse of power. The Des Moines plan was the first to incorporate the initiative, the referendum, the recall and the merit system. It is largely due to the prominence which this plan has attained that these features have come to be associated with commission government.

The adoption of the merit system in commission charters has not been as general, however, as is commonly supposed. Only seven of the eighteen states that have passed laws providing for commission government, have made provision for the incorporation of the merit system. Of these seven, Illinois and New Jersey had, before the passage of the commission government laws, separate civil service acts, which become operative in any city, regardless of the form of government, upon a popular vote in favor thereof. Of the 138 cities which in June, 1911, were governed on the commission plan under general state laws or special charters, but forty-one, or less than one-third, have any civil service provisions. Of these, the four commission cities in Massachusetts are covered by a separate

¹ In collaboration with Mr. Robert W. Belcher Assistant Secretary of The National Civil Service Reform League.

state civil service law, which is mandatory for all cities in the state; and two in Illinois have availed themselves of the option of adopting the provisions of the civil service law for their local services.

The omission from the charters of over two-thirds of the commission cities of definite provisions intended to prevent the perversion of the public service to the ends of the discredited spoils system appears to be due mainly to absolute confidence in the effective operation of a sense of official responsibility which will come from the searching scrutiny which the people under the new system are expected to give to all the acts of their commission. There is, however, grave reason to doubt the justification of this confidence, in view of the lessons of experience and the opportunities which the concentration of powers in a few hands give for the development of the spoils system. These opportunities are so great, and the inherent difficulty in the way of the people exercising an actual supervision over the use of the appointing power throughout the entire city service is so well-nigh impossible, as to justify the statement that stringent civil service provisions embodied in the charter itself are more important in the commission plan than in the older forms of municipal government.

The purposes of a civil service law are briefly two; first, to prevent the use of the power of appointment to build up a political party or machine through the distribution of places in the public service as rewards to party workers, and, second, to provide the machinery whereby candidates for public employment may be selected for the positions where their services are needed on a basis of merit and fitness, tested, so far as is practicable, by competitive examination. The reform which this system of appointment accomplishes is fundamental to any efficient, economical, and business-like administration of public affairs. It is directed at a system which has been the main cause of waste, inefficiency and scandal in national, state, and municipal administration. The spoils system is the foundation of the power of the political boss. Control of the power of appointment and removal is the first hold which the political worker, aspiring to party control, tries to obtain on the machinery of government. Unless adequate restrictions are placed upon the power of appointment to prevent its abuse for purposes of patronage, a vital safeguard is neglected.

Experience has clearly shown that provision for the merit

system in the form of a stringent civil service law is the only guarantee that can be relied upon to prevent the abuses arising out of the spoils system. The belief that the people can or will hold administrative officers responsible for the manner in which they fill subordinate positions, is a denial of actual experience to the contrary. Under any form of government the appointments to subordinate positions are matters of administrative detail, of which the people are commonly ignorant and to which they cannot, in the nature of things, give careful attention. If, however, the principle that merit and fitness alone shall rule in all appointments and promotions is embodied in the governing law of the community, any violation of the letter or the spirit of that law raises an issue which is clear and concrete. This makes possible the holding of the offender responsible therefor at the polls.

That a civil service law is peculiarly important in commission government, is evident if the unusual opportunities which control of highly centralized machinery gives to those possessing the power of appointment and removal be kept in mind. It is undoubtedly true that the increased public interest in city affairs, which the commission plan may be counted on to arouse, will make the way of the political worker harder and that the elimination of national party politics will be of distinct advantage. But local political machines are no more necessarily based on principles of public policy than are those of the large parties in their interference in city politics; the motives of private gain at public expense are equally powerful with all leaders to whom politics is the trade by which they make their living, and it is chimerical to hope that such evil influences in public affairs will disappear overnight with a change, or any number of changes, in the form of government. The rare chance which control of a city commission endowed with such unusual powers offers for the building up of a political machine, even though the abuse of these powers is checked by the initiative, referendum and recall, makes neglect to provide a safeguard against this danger peculiarly serious. The initiative and referendum deal only with legislation; the recall cannot be made an effective check upon the abuse of patronage, because of the inability of the people to exercise sufficient scrutiny over a large number of minor appointments made in the course of administrative duty. The only secure defence against the spoils system is definite provision in the charter

itself for placing appointments to the city service on the basis of merit and fitness alone.

If the importance of providing for the merit system as a factor in obtaining a satisfactory degree of efficiency in the public service, and as a vital safeguard against the spoils system be conceded, the necessity of making such provision adequate is self-evident. An examination, however, of the civil service provisions that have been adopted in commission charters, shows that, with one or two possible exceptions, these provisions are not sufficiently strict or comprehensive to accomplish their purpose in the event of a city council's being averse to them. Experience with the operation of civil service laws shows that, if the law is to accomplish results in city administration, it must observe certain essential principles. Primarily, the provision for the merit system must be inserted in the charter with sufficient directness and detail to raise the enforcement of the law above the mere whims and prejudices of politically elected and constantly changing city administrations. To leave the question of its effective operation solely or largely to the discretion of the officers whom it is expected to regulate in their exercise of the power of appointment, is, on its face, an anomaly. Failure to recognize this basic fact in most of the civil service laws so far enacted for commission cities, constitutes the main difficulty in the way of a proper administration of the system. If the city council can control the civil service commission, either through the power to appoint and remove the members at will, or by limiting their activity through ordinances or rules, it is obvious that the civil service commission cannot act as an effective restraint upon the council in its exercise of the power of appointment.

Of the means whereby these difficulties may be obviated, the most effective and successful have been state control, as in Massachusetts, or state supervision, as in New York. In these two states, the merit system has been embodied in law as a general public policy for the services of the state and its civil divisions. In New York it has been inserted in the constitution itself. In Massachusetts there is but one civil service commission, appointed by the governor, and exercising jurisdiction in the state and city services alike. Each city in New York has its separate municipal civil service commission, appointed by the mayor, but in all they do they are subject to the supervision and approval of the state civil service commission.

Both the Massachusetts and the New York system have operated to minimize the influence of local politics in the administration of the law in the city service. Where, however, as in the majority of cases, civil service legislation is purely local in its application, and state supervision or state control cannot be regarded as anything more than a later goal to be attained, it is necessary to lay down certain principles as fundamental in order to secure a proper enforcement of the merit system in city administration. These are four in number:

1. In the charter itself should be inserted all the provisions which are essential to the proper administration of the merit system.

2. Civil service commissioners should be appointed for terms which overlap, so arranged that no one city administration will have the power to replace all the commissioners, and that the city will, at all times, have the services of men who have had practical experience with the administration of the law.

3. The tenure of commissioners should be sufficiently secure to prevent control of the commission's action through the exercise by the mayor or the council of an arbitrary power of removal. Removal should be made only upon stated charges after a hearing, but it is not necessary and, from other points of view, it is undesirable, that the removed commissioner should be given the right of appeal to the courts.

4. Upon the civil service commission alone should be placed the duty and responsibility of drafting the rules in accordance with which the law is administered. To permit the mayor or council to draft the rules or to exercise a power of approval over the rules as drafted by the civil service commission, is to make the effectiveness of the civil service law depend entirely upon the attitude of these officials toward it.

The strongest civil service charter provisions for commission cities are those of Oakland, California, and Oklahoma City, Oklahoma. In Oakland, the civil service commission is removable only for cause and after a hearing. In both cities overlapping terms for the commissioners are established, and the rules are made and put into force by the action of the civil service commission alone. Both charters, however, leave something to be desired in their provisions as to what the rules shall contain. Of other commission charters, the best drawn civil service provisions are contained in the Iowa law

of 1907, applicable to first-class cities. These have been copied in the Kansas act for first-class cities, and in the Montana law. The Iowa law makes the appointment of a civil service commission for overlapping terms of six years mandatory upon the city council. It provides for removal, for cause, of any commissioner, by a four-fifths vote of the council, for the holding of examinations for the filling of all except certain specified positions in all departments of the city government, for the certification of twice as many names from the eligible list as there are vacancies to be filled, for the making of rules by the council, and for removal of employees by a majority vote of the council. Aside from these requirements and the declaration that appointments shall be without regard to political or religious beliefs, the charter makes no other provision for the administration of the merit system save that the council "may prescribe such rules and regulations for the proper conduct of the business of said commissioners as shall be found expedient and advisable, including restrictions on appointment, promotion, removal for cause, roster of employees, certification of records to the auditor and restrictions on payment of salaries to persons improperly employed." In other words, where the charter itself should contain a careful statement of what the rules should provide, in the Iowa law and those others which have been modeled upon it, the effectiveness of the rules is left to depend almost entirely on the discretion of the officers whom these rules are intended to restrain.

Compared with the civil service sections of some other commission charters, however, the Iowa law is iron-clad. Port Arthur, Texas, for example, has a charter empowering the city council itself to act as the civil service commission and "to adopt civil service regulations to govern" appointments to any or all positions in any or all departments. In Huntington, West Virginia, the council is required to act as a civil service commission for the purpose of holding non-competitive examinations for appointments in the police and fire departments and in the office of the cemetery sexton. Modesto, Monterey, and Berkeley, California, all have in their charters, recently adopted, a clause empowering, but not requiring, the city council to appoint a civil service commission to serve without compensation for indefinite terms. The charter of Colorado Springs, Colorado, goes somewhat further in its civil service provisions in that the appointment of a civil service commission is mandatory

and the commissioners are appointed for overlapping terms. The application of the law, however, is limited to the department of public safety and the department of public works, unless extended by ordinance of the council.

Such is the general character of civil service legislation for commission cities. Turning now to specific features of the civil service sections of commission charters, it is to be noted that where the appointment of the civil service commission is mandatory the terms of the commissioners are invariably made to overlap and are usually for six years. In only one case—that of the charter for Oakland, California—is there a specific provision for a hearing before removal. A four-fifths vote of the council, however, is generally required. In only two cases—Oakland and Oklahoma City—are the rules made by the civil service commission alone; in all other commission cities either the approval of the city council is required for the rules drafted by the civil service commission, or the rules are made in the form of an ordinance. In a number of cases, the civil service provisions apply to part of the city service, usually the police and fire departments; their extension to other departments being left to the discretion of the council.

In general, it is apparent that the weaknesses of much of the earlier civil service legislation for cities has been perpetuated in commission charters and frequently exaggerated. The dangers arising out of the inadequacy of the civil service provisions are not imaginary; the actual operation of the Iowa law in Des Moines and Cedar Rapids has been attended with constant friction over the administration of the civil service sections of the charter. As stated, the Iowa law leaves the determination of the final form of the civil service rules with the council itself. Either through error or design, the councils in Des Moines and Cedar Rapids, in adopting the rules, have not obeyed even the plain provisions of the charter. The rules in Des Moines, instead of providing for the certification of twice as many names of eligibles as there are vacancies to be filled call for the certification of five names for each vacancy. In Cedar Rapids, the rules provide for the certification of three names for each vacancy. Both in Des Moines and Cedar Rapids there has been an unwarranted extension of the number of positions excepted from competitive examination. The law exempts commissioners of any kind, unskilled laborers, election officials, the mayor's secretary, the

assistant solicitor and all officers *specifically* named in Section 8 of the charter. These are the only positions which the law authorizes to be made exempt. The rules adopted by the council in Des Moines, however, make considerable additions to this list of excepted places, including assistant superintendents in the departments of streets and public improvements, and parks and public property, and "any officer or assistant who is by law or ordinance to be elected or appointed by the council." Inasmuch as the charter places the power of election or appointment in the hands of the council, this last phrase permits the exemption of any officer or assistant. In Cedar Rapids, also, the rules provide for a similar unwarranted extension of the number of positions exempt from competitive examination.

These open violations of the plain intent of the law where the council is given the power to determine how stringent shall be the restriction upon their exercise of the appointing function, are illustrations of what faulty draft of civil service laws may easily lead to. Such instances are perhaps too flagrant to be of frequent occurrence, but there is sufficient danger from less open violation to make it distinctly worth while to guard against it. Indeed, experience has shown that it is from the constant and repeated small violations of the spirit, if not the letter, of the law, that the undermining of the merit system is to be feared. Unless provisions for the establishment of the competitive system of appointment are definitely laid down in the charter itself, and unless those provisions are adequate to secure the enforcement of the law, independent of partisan influences, the danger of the revival of the spoils system, stronger than ever in its control of the highly centralized machinery of commission government, will become pressing as soon as the watchfulness and interest of citizens begin to relax.

THE SHORT BALLOT AND THE COMMISSION PLAN

BY RICHARD S. CHILDS,
Secretary of The Short Ballot Organization.

The commission plan is at least a relative success. Few cities that have the old style plan of government by mayor, council and miscellaneous minor elective officers are disposed to jubilate over the results they are getting, whereas the cities that have the commission plan seem to be unanimous in their willingness to keep it indefinitely, on the ground that whether it be perfect or not, it is certainly a vast improvement over its predecessor. Nothing in political science can be demonstrated with mathematical certainty, but I submit that for the reasons that follow, it seems reasonable to believe that the essential factor in this relative success of commission government is the fact that it has happened to involve complete acceptance of "the short ballot principle."

As defined by The Short Ballot Organization, "the short ballot principle" is—

First. That only those offices should be elective which are important enough to attract (and deserve) public examination; and

Second. That very few offices should be filled by election at one time, so as to permit adequate and unconfused public examination of the candidates.

Commission government, vesting the power in a single board which is so small and so powerful that the individual member is conspicuous, conforms precisely to this principle. There are observable certain phenomena in the operation of commission government which are clearly traceable to its short ballot.

First, the people know what they are doing on election day. Any foreigner would instantly take it for granted that this is a necessity for a workable democracy, but in this country so obvious a fact has been consistently ignored. In every city under the old style of government, we see great multitudes of people voting a "straight ticket," not because of any overwhelming loyalty to their party, but because they know of nothing better to do. The typical

American voter votes for his mayor with clear conviction. He can argue about the mayor on the street with any voter, can explain his reasons for his vote, is armed with a considerable array of facts and history, and his vote represents a well-formed opinion. The mayors of typical old-style cities are correspondingly better representatives of public opinion than the various obscure officers who make up the rest of the ticket, and politicians consistently nominate figureheads for the mayoralty because they must have as candidate some man who can stand the limelight. In this matter of the conspicuous office, on which public discussion focuses, the politician, despite the fact that he holds complete possession of the nominating machinery, is exceedingly deferential to Mr. Plain Citizen. A typical American voter, however, finds on his ballot not merely a set of candidates for mayor, but also a host of candidates for a string of petty offices. There are weak councilmen, for instance. The power of the council as a whole may be large, but it is usually so dissipated by division among an unreasonably large number of members that the individual councilman is of no account, and public opinion refuses to waste its breath upon him. There are also various minor elective administrators such as city treasurer, comptroller, board of public works, president of council, etc., offices which are either insignificant in power or so uninteresting in character that they completely escape public scrutiny.

The people are human beings and excepting under some compulsion, are not to be expected to take an interest in uninteresting things. This simple and well-known unwillingness of the people to get excited over uninteresting matters has not been taken into account in designing city governments. Charter committees have said, in effect: "The citizens ought to be interested in getting the right man for city treasurer. Therefore, we will make the city treasurer elective." Subsequent elections showed that the citizens were not interested; the great majority of them paid no attention to the matter, and in consequence the control of that office was left in the hands of a small minority. This "apathy" of the citizens can be explained and is not inexcusable when it is considered that the office of city treasurer has nothing to do with the broad policies of the town and is not truly political, the only issue involved being the question of which of the several aspirants shall hold the job and draw the salary. That is not an issue large enough, unless there be

great scandal, to cause all the men of a city to stand up, divide, and be counted. For the Charter Revision Committee to say "it's the people's duty to live up to these requirements which we lay down for them" is sheer impertinence. If the people will not graciously deign to do certain work that is laid out for them to do, the sensible and proper solution of the difficulty is to change the requirements in accordance with the people's action. If the mountain will not come to Mahommed, Mahommed must go to the mountain.

In the commission plan there are at most only five elective officers in the whole city. They are all important and share in the determination of policies, and the people consequently take a great, natural, and spontaneous interest in every one of those elective positions. Mr. Plain Citizen can argue about every one of the five men just as in the old days he could argue about the mayor. On election day he expresses a clear conviction regarding every elective office. He is completely the master of his ballot and his mastery has been acquired without conscious effort. It is as if the exhortations of reformers had succeeded in inducing all good citizens to go into politics; only in this case politics has been simplified and thereby brought to the people. Surely this unique phenomenon of the commission-governed city, the fact that the people know what they are doing on election day, is a very vital and important one. It is due to the shortening of the ballot, and not to any excitement of civic interest among the people. The people of Galveston were the same after the flood as before. The people of Houston did not undergo a moral upheaval when commission government was established. Neither did the people of Des Moines, Cedar Rapids, or Leavenworth. It was the ballot that changed, not the people. Incidentally, does it not seem possible that the people of the much-admired British cities, which also have an exceedingly "short ballot," may not be individually a bit more alive naturally on civic questions than our own people? Is it not reasonable to believe that their human nature is the same as ours, and that if an American city adopted *that* "short ballot" plan it would get similarly satisfactory results?

It is obvious that when all the people of a city know what they are doing on election day, that separate class of political specialists known as "politicians" coincidentally disappears. The politician is simply a citizen who knows what he is doing on election day. He

is a man who does all the work which citizenship requires of him. In the old style city where the work of the voter is obscure and complex, these "complete citizens" are so few as to constitute a definite ruling class—an oligarchy. Simplify the work of the citizens sufficiently and all the citizens automatically become effective politicians, and the political specialist of the past finds himself no more influential than the average citizen.

In the last analysis, I think our complaint against our city governments comes down to just this: that they have been oligarchies; that the office-holders have been under obligations to the little ruling class of politicians, and that government has consequently been in the interest of the politicians rather than in the interest of the people. The citizens, to protect their interests, have been pitted against the politicians to whom the work of politics was a means of livelihood. It was a case of the amateurs against the professionals. With the disappearance of this ruling class the great bulk of our problems may be expected to vanish. In the commission-governed cities the short ballot made it possible for a man to campaign and get elected without the permission of the politicians. That this would hold true in a large city where the difficulties of getting before the people stagger individual effort and create a special function for the experienced machines, I am not certain; but in the small cities, where commission government has thus far been tried, a candidate can get himself into the limelight and make a successful campaign, simply because the office for which he is running is important, the citizens are looking for him and are ready to listen to him, and the work of the citizens is not so complicated as to cause them to ignore the candidates and rely on ready-made tickets prepared for them by political specialists. When the citizen makes up his own ticket in his head, as he does on the short ballot basis, the candidate must run to the citizen for approval instead of running to a group of self-established ticket-makers. It is this simplicity which has made it possible for Colorado Springs, for example, to prescribe that each candidate, before he is granted a place on the official ballot, must swear that he represents no political organization—nobody but himself and his prospective constituents.

It is this same simplicity which made possible the non-partisan ballot. A non-partisan ballot must be short. In most of the cities,

thanks again to the short ballot, the Des Moines plan of the non-partisan primary has been copied to advantage, and the people, big, unorganized and clumsy as they are, have been able to take over the function of weeding out the aspirants and deciding the contests, without accepting the help of private machinery.

The short ballot is also responsible for the way the elective officials are held accountable after election. It is not enough to establish accountability for official acts in law. A bureau of municipal research by diligent delving may determine who is to blame for departmental inefficiency in almost any city, but that is by no means the same thing as having every citizen in town know beyond doubt who is responsible, without any investigation at all. A citizen of a commission-governed city finding a street dirty knows that five men whom he can name by name are responsible, that they have power to raise enough money to keep the street clean and to hire the sweepers and to see that they do the work. In such circumstances, the citizen feels some satisfaction in making a complaint, and every city has seen a most spectacular revival of interest and activity in municipal affairs among the citizenship. If the commission were a very large one so that the individual members of it were not clear targets, there would be much less satisfaction for the citizen, since the failure of a member to give the proper attention to a reasonable demand would be less conspicuous and would start less talk. The fact that each commissioner in the small commission is public property, so to speak, and is known to every citizen, as the mayor alone was known in the old style plan, causes every citizen to take notice of any fault or failure to do right. The commissioner's reputation in the community is constantly fluctuating in accordance with these criticisms. When an attack is made on him, his conspicuousness forces him to reply, and his reply is waited for by the people. The same attack aimed at an obscure and inconspicuous alderman of the old regime would go unnoticed and the alderman's political strength might not fluctuate at all. A conspicuous official is naturally more sensitive than an inconspicuous one. Put a typical old style politician into the spotlight of a commissionership and he will break loose from old associations and temptations, because he is unable to withstand the public criticism which is launched at him if he fails to serve the whole people. Time and again we have seen this phenomenon in the case of machine

mayors. In the commission government we have practically entrusted the power to a *board* of mayors.

There is no such thing in democratic problems as *inconspicuous* accountability. Conspicuousness is essential. It is only another way of saying that the people as masters of an elective servant can control him only if they see what he is doing. When all the people see what a man is doing, that man is, *ipso facto*, exceedingly conspicuous. Conspicuousness to a certain extent means "standing alone." One of a crowd cannot be conspicuous—and there we are, back at the short ballot again! Government in the light is safer than government in the dark—that is obvious—and any system which provides for such concentrated scrutiny as the commission plan does should be able to show superior results over the old style jungle of obscurities.

The commission plan is more than a short ballot plan, however. It is a *fairly correct* short ballot plan.

Any efficient organization must have a single head; not necessarily a single man, but at least a single board or committee in which all the reins of power are centered and unified. How often do we see voluntary organizations, ranging from a social picnic up to an informal association, go to pieces or develop serious inefficiency, not because of the weakness of any particular members, but from the simple lack of a single boss. Our old style governments are headless. Neither the mayor nor the council nor anyone else constitutes the court of ultimate appeal. Nobody is boss unless the people, with that singular political genius of the Americans, delegate their functions to a machine boss who will nominate and control puppets and keep them working in harmony by the use of unlawful influence.

The commission plan breaks with our old superstitions regarding the desirability of the "separation of powers" and provides a complete unification of powers; a unification that is absolutely essential to accountability. The single board has power to do everything and hence can be held responsible for any failure to do anything which the people want done. The commission is stripped of all excuses. It cannot say "it is the other man's fault." If the people demand low taxes, the commission has power to compel the departmental economies necessary to bring them about. If the people want higher departmental efficiency, the commission has power to raise

the money needed for it. In a desire to please critics on both sides, the commission is under strong inducements to attempt to secure both departmental efficiency and low taxes. The knowledge that it will secure credit for good deeds and discredit for bad, by reason of the conspicuousness of the work of the individual members, sets even political hacks to resolute endeavors to please the public.

A ballot of five officers could be arranged along other lines, and, in fact, we frequently do have ballots in American cities as short as that, but the unequal division of power and the unequal interest of the people in the officers, results usually in the overshadowing of some of the officers, both before and after election. Usually, the mayor gets all the limelight at the expense of the other elective officers. In the commission plan, however, the practical equality of the commissioners results in a correspondingly equal division of the limelight. Each man gets his share of public scrutiny and is not overshadowed. The New Jersey plan represents the latest developments on this point and is correct, inasmuch as the five men are elected without designations to office and choose the mayor from among their own number after election.

There are other features besides the short ballot which are characteristic of commission government, and are comprised in the usual definition of the plan, but I do not see how even the most ardent supporters of these features can prove that they are essential. The initiative, and referendum-by-protest are much lauded by certain enthusiasts, but Galveston and Houston, where the wave first started, have never had those features. For the same reasons it cannot be said that it is the recall which puts officials on their good behavior and accounts for the success of the plan. Neither can it be the non-partisan ballot. For the commission plan succeeded before any of these features were added to it, and has continued a success in Galveston and Houston despite their absence.

The short ballot is the magic in the Commission Plan and our ultimate salvation from government by politicians lies in the hope of universal recognition of the fact and the application of the same vital principle to our counties and states.

THE INITIATIVE AND REFERENDUM IN COMMISSION CITIES

BY C. O. GARDNER,

Harrison Fellow in Political Science, University of Pennsylvania.

The statement is sometimes made that the initiative and the referendum embody one of the essential features of the commission form of city government. That this is not strictly true will be evident if one pauses to consider that the first commission governed cities had no such provisions in their charters. The charter of Galveston, the first city in the United States to adopt the plan, made no mention of them, yet no one would hesitate to class it as a commission governed city. Several of the smaller towns of Texas and neighboring states have followed the example of Galveston in this respect and the residents of these cities, although eminently proud of their city government, do not look with favor upon provisions for direct legislation in municipal affairs. Six years after the adoption of the Galveston charter in 1901, the City of Des Moines obtained her new charter, and it was in this charter for the first time that complete provisions for the referendum and the initiative were introduced, and then only after the first charter proposed for the city had been rejected.

Not only is it true that some commission governed cities contain no provisions for popular legislation, but it is equally true that many cities with the ordinary common council form of government have the initiative and referendum in some form or other. In fact, most city charters adopted within recent years, regardless of the particular form of government for which they provide, contain provisions of this sort. Oklahoma and Oregon have constitutional provisions for municipal referenda. Illinois and Nebraska have laws providing for the reference of questions of statewide or local concern. Buffalo, Grand Rapids, Detroit, and Chicago are examples of cities that have made frequent use of the referendum in some form to aid in the solution of local problems.¹ The City of Newport, with a council

¹For an interesting description of the operation of the referendum in Buffalo, see letter of W. E. Curtis in the *Chicago Record-Herald*, June 29, 1911.

equal in size to both houses of an ordinary state legislature, is an example of a city with the common council plan and at the same time with the referendum and the initiative.

The initiative and referendum are not, therefore, features peculiar to the commission form of city government. They may be found therein or they may not, and they are frequently found as parts of city governments of the old type. Indeed, they represent methods of popular control and not any particular form of government.² Not only are they being applied in city government but in state and other local governments as well. Within recent years the desire for more effective popular control over public officials has grown with remarkable strides. This desire is given expression through the insertion of initiative and referendum clauses in the organic laws of cities and states.

There is, however, a particular reason why provisions for direct legislation have come to be so closely associated with the commission plan. One of the most serious objections made to the commission government is that it concentrates too much power into the hands of a few individuals. Such a scheme, it is maintained, is inimical to popular government unless some device is used to prevent the commissioners from exercising their authority to the detriment of the masses. The initiative and referendum, coupled with the recall, furnish this device. The recall serves as a check upon their actions as administrative officials, while the initiative and the referendum guarantee that their actions shall not be contrary to public opinion. They have, therefore, been inserted in the later commission charters largely to overcome the objection that the new form of city government was undemocratic. Thus, while it cannot be said that the initiative and referendum are essential parts of the commission plan, they are in complete harmony with it, and serve to destroy the source of much opposition that has been directed against it.

Mention has been made of the fact that, prior to 1907, no commission governed cities contained provisions for the complete initiative and referendum. Some, however, had incorporated into their charters certain sections providing for a limited referendum, notable among them being the City of Houston. The charter of that city, adopted in 1905, required a referendum on the question of

² MacGregor, *City Government by Commission*, published as Bulletin No. 423 of Wisconsin series, p. 30.

granting franchises for longer periods than thirty years, and provided for an optional referendum on any proposed franchise grant, either at the instance of the city council, or upon petition of five hundred legal voters of the city, or upon the request of the applicant for the franchise. In case the applicant requests a referendum he must bear the expense of the election incurred thereby. The operation of the referendum was thus limited exclusively to the question of granting or extending franchises, while no provision whatever was made for the initiative.

Special sections relating to the reference of proposed franchises are to be found in many of the later charters even when such charters contain the general provisions for direct legislation. The Illinois law, for example, necessitates a referendum on all proposed franchises. In Iowa, all franchises granted to public service corporations must be approved by a majority of the voters before going into effect. The law of Kansas, applying to cities of the second class, the laws of Montana, South Dakota, Louisiana, and Washington, and the special charters of several cities—all provide for a compulsory referendum of proposed franchises.³ In several other cities franchise grants may be submitted upon the petition of a specified number of voters.⁴ In Tulsa, Oklahoma, franchises may be proposed by the initiative, upon petition of twenty-five per cent, and in McAlester, a special election may be called upon a similar petition.

Complete provisions for the reference of any ordinance⁵ are now to be found in the commission government laws of several states⁶ and in the special charters of many cities in various states. The referendum may be ordered upon the petition of a specified number of the legal voters of a city, or the council may usually

³ Gloucester (Mass.), Modesto, Oakland, Vallejo, Duncan, Colorado Springs, Grand Junction, Tulsa, Ardmore, and a few others. Corpus Christi has the compulsory referendum on long term franchises and for all others a referendum upon petition of twenty per cent of the voters, or upon the request of the applicant.

⁴ Sapulpa, Okla., petition of twenty-five per cent; Tacoma, Wash., twelve per cent; Dallas, petition of 500 legal voters, and submission at the next annual city election; Greenville, Texas, petition of 100 voters; Birmingham, Ala., petition of 1,000 voters in thirty days.

⁵ Except emergency ordinances, as noted later.

⁶ Illinois, Kansas, Iowa, South Carolina, South Dakota, New Jersey, Washington, Montana, and Wisconsin. Oklahoma and Oregon have constitutional provisions for municipal referenda.

submit an ordinance on its own initiative. The most common requirement for a petition for referendum is twenty per cent of the electors, the number of the latter being based upon the last vote for mayor. The general laws of Iowa, Kansas, Washington, Montana, and Wisconsin require twenty-five per cent; Illinois, ten per cent; South Carolina, twenty per cent; New Jersey, ten per cent; and South Dakota, only five per cent of the legal voters. The charter of Fort Worth, Texas, requires the petition to be signed by 500 electors, and that of Lewiston, Idaho, by 300 electors. Five special charter cities require twenty-five per cent; four, fifteen per cent; and two, ten per cent.⁷

Except in the instances noted below, petitions for the reference of measures must be filed shortly after the board of commissioners has acted upon them. As a rule an ordinance does not go into effect at once but remains in abeyance for a definite length of time, and it is during this time that a petition may be circulated and signed by the requisite number of voters protesting against the proposed ordinance and requesting its submission to a popular vote. The length of this period varies from ten to thirty days. In Illinois, and in the special charters of Amarillo, Berkeley, Dallas, Ft. Worth, Grand Junction, and Marshall, it is thirty days; in Iowa, Kansas, and Wisconsin, and in the special charters of Austin, Colorado Springs, Gloucester, Haverhill, and Tacoma, it is only ten days. In South Dakota ordinances are made to go into effect twenty days after their passage, while in South Carolina and in Ardmore, Oklahoma, they go into effect immediately, and a referendum petition may be presented at any time thereafter. Upon the filing of a petition for a referendum, the council must either repeal the objectionable ordinance in its entirety, or submit it to a popular vote at either a general or a special election.⁸ Any proposition submitted under the referendum requires for favorable action only a majority of votes cast on the question.

Emergency ordinances are invariably excluded from the

⁷ Others not noted here do not vary greatly from the above in the percentage required. Shreveport, La., has a charter requiring a petition of thirty-three per cent for the reference of measures, while that of San Diego, Cal., requires seven per cent. See Beard, *Loose Leaf Digest of Short Ballot Charters*, p. 41201, *et seq.*

⁸ Unlike measures proposed by the initiative, the size of the referendum petition is not a factor in determining whether the submission shall be made at a general or a special election.

operation of the referendum. The charter usually declares specifically what shall constitute an emergency, and such ordinances must be so declared and passed by an extra majority of the council.⁹ The Iowa law, for instance, excludes from the operation of the referendum all ordinances "for the immediate preservation of the public peace, health, or safety." Such ordinances, however, must contain a statement of their urgency and be passed by a two-thirds vote.

It should be noted that the initiative is not always found in commission city charters in conjunction with the referendum. Sometimes one of them is provided for and the other is not. Some cities already mentioned have a limited referendum on ordinances granting franchises, and no provision for the initiative. The general law of Wisconsin makes no mention of the initiative, although it does contain a referendum section. On the other hand, the law of Idaho provides for the initiation of ordinances by the people, but does not provide for a reference of ordinances passed by the city council. With some few exceptions, however, the two are found together.

By virtue of these initiative provisions, the people may propose any ordinance by petition, signed by the requisite number of voters, and submit it to the city council. That body is ordinarily given an opportunity to pass the ordinance without alteration within a specified time, usually twenty days;¹⁰ but if it does not do so, it must submit the proposed ordinance at a special election or at a following general election. The number of signatures to the petition usually determines which of the two methods shall be used.

The size of the petition required varies from five per cent in South Dakota to forty per cent in cities of the second class in Kansas. One class of charters specifies only one size of initiative petitions. The charter of Austin, for example, requires a petition signed by twenty-five per cent of the last vote for mayor, and the ordinance must be submitted at a special election within forty days unless a general city election is due within ninety days thereafter. The general laws of South Carolina, South Dakota, and the special charters of Amarillo, Ardmore, Ft. Worth, Gloucester, and

⁹ Ordinarily two-thirds or four-fifths, depending on the size of that body.

¹⁰ In Austin, Texas, the council must pass the proposed ordinance within ten days without alteration; in Illinois, thirty days.

Marshall are of this type, although the number of required signatures varies.¹¹ Another class of charters permits of two possible sizes of petitions in any particular instance and upon the size of the petition depends the necessity of calling a special election. On this point the Iowa law may be cited for illustration. In that state if the petition contains the signatures of twenty-five per cent of the voters, the council, unless it passes the ordinance, must call a special election unless a general municipal election is fixed within ninety days thereafter; but if the petition contains signatures of from ten to twenty-five per cent of the voters, then the council must submit the proposed ordinance at the next regular municipal election. In other words, if a fourth of the voters sign an initiative petition, the ordinance must be submitted to a vote without delay; but if a fewer number of signatures is attached to the petition, it is allowed to wait for reference until the next regular election. Most of the charters have provisions of this sort. The idea seems to be that, if a larger percentage of the voters sign an initiative petition, the matter is sufficiently urgent to demand immediate settlement.¹²

The form, content, etc., of petitions for the initiation or reference of ordinances are commonly prescribed in detail. All the signatures need not be on the same sheet, but one signer of each paper must take oath that all the signatures on that particular sheet are genuine. Usually the signer is required to give his address.¹³ In Idaho, each signer must state that he has read the proposed measure section by section and fully understands its content, meaning, and purpose, and must accompany his signature with a statement, in two hundred words, of the reasons why he thinks that the proposition should become law. When the petition is completed, it is filed with the clerk, who is usually given ten days in which to examine it and ascertain, by comparison with a list of qualified voters whether the signatures are those of eligible voters, and whether they are of sufficient number to meet the requirements of

¹¹ Ardmore, Austin, and Marshall require twenty-five per cent; South Carolina, twenty per cent; Amarilla, fifteen per cent; South Dakota, five per cent; and Ft. Worth, 500 qualified voters. See table compiled by MacGregor, *Wisconsin Bulletin*, pp. 69-70.

¹² The larger petitions usually vary from fifteen to twenty-five per cent, and the smaller ones from five to fifteen per cent. For a complete list see Beard, *Loose Leaf Digest of Short Ballot Charters*, p. 41201.

¹³ In Alabama, in petitions for the submission of franchises, he must likewise make an affidavit stating his age, color, and whether he has paid poll tax.

the law. Should it prove to be faulty, a few days are sometimes granted in which it may be amended.

Ordinances proposed by the initiative require a majority voting thereon to obtain their adoption. There is no limit to the number of ordinances that may be proposed at any single election, but practically all the charters forbid calling more than one special election in six months. In this way the extra expense incurred by too many special elections is avoided without affecting any substantial limitation on the use of the initiative and referendum. The city council is ordinarily vested with the power to submit, at any time, a proposition to repeal or amend any ordinance passed by the initiative, but whenever an ordinance is adopted by vote of the people, it cannot be changed or repealed in any other way.

Special provisions are usually found in the city charters insuring some notification to the voters when propositions or ordinances are to be submitted to a popular vote. The Iowa law requires one publication in each daily newspaper of the city from five to twenty days before the election at which they are to be submitted.¹⁴ The Kansas law requires that all proposed franchises shall be published in the official city paper once a week for three weeks before the election. The Austin charter necessitates at least three publications of any proposition in a daily newspaper of the city between ten and twenty days prior to submission.¹⁵ In Berkeley, the council may order the measure to be printed, and, together with a sample ballot, sent through the mails to each voter at least three days before the election.¹⁶ A clear statement of the nature of the proposed ordinance must usually be made on the ballot.¹⁷ Sometimes the charter specifies the position which the measure shall occupy on the ballot. Two charters stipulate that questions shall appear below the list of candidates, if there be any,¹⁸ and another states that the question shall be placed to the right of the list of candidates.¹⁹

Briefly summarizing these provisions for the initiative and referendum, it may be noted, in the first place, that many charters have taken special precautions to obtain the submission of proposed

¹⁴ Section 19.

¹⁵ Art. 9, sec. 2.

¹⁶ But in lieu of this procedure, the council may order the measure printed in the newspapers, as are other ordinances.

¹⁷ Iowa law, Section 9; charter of Ardmore, Okla., 1909, section 7.

¹⁸ Those of Haverhill, sec. 42, and Gloucester, sec. 27.

¹⁹ Berkeley charter, 1908, sec. 15.

franchise grants. Where a general referendum is provided for, the procedure may be begun in one of two ways: First, the council may submit any ordinance they may see fit; second, the people of the city may, by a petition signed by a specified number of voters, order the council to submit any ordinance. Furthermore, through the initiative, the people may propose an ordinance by petition, and compel the council to pass it without alteration or submit it to a popular vote at a special election called for that purpose or at the next general municipal election.

It would be useless to predict the extent to which these provisions for direct legislation in municipal government will be used in the future. As yet they have scarcely been used at all. It is, indeed, very probable that ordinarily they will not be utilized except on unusual occasions when important issues arise that awaken great public interest, or when actions of the city commissioners arouse the distrust of their constituents. Indeed, the very fact that they are a part of the law of the municipality and may be called into operation at any time will tend to make those occasions less frequent when it will be desirable to use them. Their very presence in the city charter acts as a restraining influence. Hence the chief value of the initiative and referendum in commission government, as elsewhere, will perhaps lie in the moral effect which the possibility of their exercise will have upon the actions of the city officials—an effect which is bound to advance good city government.

Whatever potential value the initiative and referendum may possess, their value as active instruments for obtaining an expression of public opinion will depend primarily upon the character and extent of interest shown by the voters in questions submitted under these provisions. If the scheme is to be a success in registering the popular will, the people must vote. Unless they do, the result of a referendum will be, at most, only a very incomplete record of public sentiment, the value of which will be proportionate to the number of voters who render a decision on questions at the polls. At an election held in Omaha, Nebraska, in August of this year (1911) the commission plan was adopted by thirty-one per cent of the voters of the city, with less than half the registered voters marking the proposition.²⁰ There may be a question

²⁰ The total number of registered voters was approximately 17,000. The vote for the commission plan was 5,341, against 2,345.

In 1908, when the agitation for a new city charter was begun in Buffalo,

whether such a vote adequately expresses the sense of the entire electoral body.

The votes, however, that have been obtained from a few of the numerous other cities that have recently voted on the question of adopting the commission plan of city government show that, in these particular instances at least, a larger proportion of the eligible voters have voted on the proposition than was the case in Omaha. In Rockford, Illinois, sixty per cent of the eligible voters of the city voted the commission government ballot. At Springfield, Illinois, sixty-four per cent of those voting at the regular election immediately following, voted on the question of adopting the commission plan, and this number represented fifty-two per cent of the entire voting strength of the city. When the question was submitted in Eau Claire, Wisconsin, it received consideration from seventy-eight per cent of the number of voters who had cast a ballot at the last municipal election immediately preceding.²¹ At all these elections the proposition of adopting the commission form of government was the only issue demanding consideration.

Moreover, the experiences of cities without the commission form of government, which have used the initiative or the referendum in some form or other, would indicate that, in general the electors devote a fair degree of attention to local questions that are submitted for their approval or disapproval. The adoption of liquor local option, the issuance of city bonds, and other questions that have been frequently submitted in many cities have usually fared well in this respect. In the City of Chicago, twelve propositions relating to the solution of the traction problem have been referred to a popular vote within the last ten years, and have received the attention of an average of about seventy-seven per cent

the people of the city were requested to express their opinion concerning the desirability of asking the legislature for a home rule charter. Only twenty-five per cent of those voting at the election expressed their approval or disapproval of the proposition. Vote for, 13,288; against, 4,346. Total vote at the election was approximately 70,000.

²¹ Following is the vote in each of the above cities:

Rockford, Illinois: For, 1,107; against, 4,029; total number of eligible voters, approximately, 8,500.

Springfield, Ill.: For, 3,712; against, 3,087; total vote at the succeeding municipal election, 10,662; total number eligible voters, approximately, 13,000.

Eau Claire, Wisconsin: For, 1,866; against, 995; total at last election immediately preceding, 3,659.

of those voting at the elections at which they were submitted.²² With the added interest aroused by wide discussion of the whole question of commission government and the part which the people play therein, there can be no reason for assuming that the residents of cities working under the new form of city charter will not take as great an interest in propositions referred to them through the initiative and the referendum as has been taken in the past by residents of other cities under less favorable conditions.

²² But the experience of Buffalo with referenda under a public opinion law has not been as encouraging.

POPULAR CONTROL UNDER THE RECALL

BY H. S. GILBERTSON,

Assistant Secretary of The Short Ballot Organization.

The recall is in need of a more exact definition than current thought affords. To regard it merely as a new and clever way of "getting at" a public officer is unsatisfactory. The recall is not a "device" in the flippant sense in which its opponents of political reform use that term.

Aside from any question of its inherent merit or its practical workings, the recall expresses a new relationship between representative and constituent. It has no exact parallel in our previous institutions; no elective public officer in this country was ever before relieved of his authority and emoluments without a legal process, before the end of a definite term. But now, public office subject to the recall becomes a public trust in a more practical sense than was true when the holder was able to cut loose from his constituents and go merrily on his way with the comforting thought that he would have to render an account of his stewardship only after the lapse of a specified period. The recall, furthermore, recognizes a new kind of un-officerlike conduct: it may go into action not so much because the officer is guilty of statutory crimes as because of behavior unbecoming a representative.

For the following definitions we are indebted to the judiciary of several states. The courts of California, the birth-place of the recall, have been especially constructive in affirming its validity. The following from the opinion in *Good v. Common Council of San Diego* (5 Cal. App. 265, 90. Pac. 44) is worth quoting:

Responsible government is the very foundation of the republican system, and there appears no reason why a representative should not be made to retire at any time, at the request of the people, as well as the end of a fixed period. This is not deemed incompatible with a republican form of government in France and several of the South American states. It is similar in principle and application to the customs or rules which make the ministry, the real government of England answerable at all times for its failure to meet the approval of the electorate of that country on some measure or question of policy.

Note also the liberal construction in the two opinions, involved in the recall of Mayor Gill, of Seattle:

We must not hunt for obscure reasons to thwart the will of the people. This court cannot pass upon all the intricate questions involved on the spur of the moment. Where there is any doubt in the court's mind as to the charter provisions, it ought to be decided in favor of the free expression of popular will. It is suggested by the plaintiff that the expense of such recall provisions should be avoided in view of the questions involved and uncertainty as to legal procedure, but the court cannot consider the matter of expense that is authorized by law. The people have adopted the charter amendment recognizing the expense and it is not for the court to say no.

These are the words of Judge Albertson of one of the local state courts. Judge Hanford, in affirming this decision in the United States District Court of Appeals was equally liberal in the construction of the law involved:

It is a matter of right or wrong between these parties with the plaintiff only the payment of his tax is involved. The defendant stands here for the orderly conduct of an election authorized under the laws of the state. It is a matter that affects the whole community. The court should be very slow in tying the hands of the officers of the city in a case of this kind.

In affirming the validity of the recall provision in the Dallas Charter, Chief Justice Brown of the Supreme Court of Texas said:

We are unable to see from our viewpoint how it can be that a larger measure of sovereignty committed to the people by this method of government and a more certain means of securing a proper representation in any way militates against its character as a republican form of government and that it is thereby rendered in any sense obnoxious to the provisions of the Constitution of the United States.

Eastern judges may in future be less generous. But the trend of judicial opinion thus far, is in favor of this form of extended popular control. The recall, to take the point of view of the courts, is thoroughly consistent with the republican form of government.

This widening of the functions of citizenship is accomplished, obviously by pruning away some of the legal protection which public servants have heretofore enjoyed. Public office in America has never been conceived as property as in Europe; and yet the process whereby the incumbent could be removed was not unlike divesting a property holder of his title. But the recall frankly puts

tenure of office on a political basis, at the mercy of political considerations. It is in fact this very insecurity of tenure which is the chief element in the recall. Or, rather, there is a certain insecurity that is essential to the responsiveness of action which the recall seeks to achieve.

Herein, then, arises a practical question: how to preserve the essential securities of public office when the stereotyped processes of the law give way to the more uncertain methods of popular action. Unless this transition is satisfactorily made, the recall is justly to be held accountable for some of the perils which some of its opponents see in it. It would be a poor bargain, if public office were to be cheapened or to lose dignity through the change.

"Due process of law" stipulates for a fair and public trial, definite charges, and a strict construction of the law in favor of the accused. The popular tribunal obviously cannot guarantee all these things with the same degree of surety. It will do well if it only adheres to the rudiments of "fair play," a term which is easily understood by average citizens.

The measure of justice meted out to officials indicted officially at the bar of public opinion can be determined best by reference to the history of recall campaigns. But, first, let us examine into the measure of *legal* immunity which existing laws afford. Charter provisions respecting the recall are framed with a view to putting the electorate in control only within certain well defined limits. The roll call of the electorate may be taken only on the initiative of a substantial percentage of the number of persons voting at the last municipal election for the highest officer of the city. This percentage varies from fifteen to thirty-five. The Illinois requirement of fifty-five per cent being, of course nugatory. In many charters a period of grace of from three months to one year is provided for, in which the policies and public acts of the officer in question have time to mature. Every charter provides for a substantial lapse of time between the filing of the recall petition and the election, which gives an opportunity for a thorough hearing of the charge. A general statement of the reasons for removal usually accompanies the petition. These requirements parallel, essentially, the immunities of the law but are many degrees more flexible. Beyond this, it rests with the good will and temper of the people how the officer

will fare. The history of the institution, if its brief career may be called a history, is the only good answer to this question.

Los Angeles, the first city to adopt the idea, has made practical use of it on three occasions. In the first instance a councilman named Davenport was subjected to proceedings in his ward on account of his vote on a printing contract, which brought down the wrath of the labor unions. He was also alleged to have had too close relations to liquor interests, and to have taken money for a vote to permit the establishment of an offensive slaughter house in a residence district. The first election in this case was thrown out on technical grounds, but the councilman was voted out of office a second time and the election sustained. Later, in the same city the council, in the face of an overwhelming protest, voted to give away a valuable franchise in the Los Angeles River bed. Preparations for action under the recall were made, but before the petitions were in the field the councilmen realized the hopelessness of their position and nullified the franchise. The third and most important Los Angeles case centered mainly around questions of police administration. This was no sudden movement. Revelations were ripening for at least a year and were based upon a grand jury investigation, charging the mayor with complicity in the lax enforcement of the vice laws. Mayor Harper was recalled after an exciting campaign in March, 1909.

In 1906 a councilman named Reynolds in the City of San Diego, California, was made the subject of a recall petition on the ground that he had voted for a certain ordinance regulating the sale of liquors, and that he had repeatedly voted to disregard petitions to refer ordinances, which were filed in conformity with the provisions of the charter, to a vote of the people. The city council in this instance, without consulting the city attorney, ignored the recall petition and covered their negligence with a plea that the provisions of the charter which bore on the recall were unconstitutional. Legal proceedings continued for many months until three days before the end of the officer's term. No vote was ever taken on the matter.

In the movement to recall the mayor of Seattle, the vice issue was again prominent. The personality of this officer and his attitude toward the public were offensive to the point of insolence. The election, in which the women of the city participated, resulted in his recall, together with the consequent removal of an obnoxious

appointee at the head of the police force. In Tacoma, where the mayor and two members of the council were removed after a campaign of several weeks, the issues were various but may be summed up as the general lack of sympathy on the part of the officials with the spirit of the new charter. Mayor Fawcett, for example, refused, point-blank to enforce the civil service laws. In Dallas, Texas, there have been two recall elections directed at recalcitrant members of the Board of Education. The original trouble arose over the removal of two exceedingly popular members of the teaching force without stated cause. Here the percentage of voters required on recall petitions is thirty-five per cent, the highest of any except under the Illinois commission government law. In Huron, South Dakota, the recall issue seems to have arisen over a question of the tax rate. The mayor and council, however, were sustained.

These are the principal cases available for analysis. It should be noted that neither Seattle, Los Angeles, nor San Diego were, at time of the recall troubles, operating under commission government charters. Frequent attempts have been made in a number of other cities, but have not met with sufficient success to bring the matters to a vote of the people.

Even from this meagre statement it will be seen that recall proceedings are not apt to be undertaken seriously without due consideration; in practically every case that has come under our observation, there has been extreme provocation to removal.

A suggestive fact indicating the substantial nature of the charges is the character of the defense put up. In every important case thus far, technicalities loom up large. The Seattle mayor frankly confessed his desire to delay proceedings by imposing legal obstacles. In the first Los Angeles case it was a technical objection to the first election which had to be surmounted. This procedure has been repeated by the defense in nearly every case. The public, on the other hand, has uniformly seemed disposed to open the field for a free discussion of the merits of both sides.

One of the bulwarks of individual civil liberty in Anglo Saxon countries is a public trial. In carrying out the analogy of a recall campaign to a judicial trial it may be said that the salient feature of publicity is preserved in a striking degree. Publicity is achieved under conditions of peculiar advantage. The basic simplicity of the short ballot—a single uncomplicated issue—is

there personified in the candidate under examination. It is pitiless in bringing out the hidden works of darkness. Thus, in the mayoralty campaigns cited above, the parties to both sides of the contest utilized every available channel for reaching the public ear. Every hall was rented; every available newspaper column was filled. The personal element is unusually strong in that the individual is "under fire." The issues are interesting—there is a special occasion for a recall election where a regular election may be called for by nothing more than the recurrence of election time.

In fine, if, as has been suggested, the merit of the recall rests not upon theoretical or formal, but upon practical considerations, it may be said thus far to have made good its right to endure. Has it proved itself an incubus, weighing against the progress of the cities which have adopted it as a part of their political machinery? The progressive spirit and the records of varied achievements, in the cities under the commission plan seem to afford an emphatic negative to this query, for the larger proportion of these cities recognize the recall, not as an instrument of negation for frequent use, but as a very present help in time of trouble, or, as Woodrow Wilson puts it, "the gun behind the door."

THE COMMISSION MOVEMENT IN MISSOURI

BY JAMES W. S. PETERS,
Attorney-at-Law, Kansas City, Mo.

There is no city in Missouri under commission rule. Even in St. Joseph, frequently mentioned as a "Commission City," the council has legislative functions only, and as its mayor, A. P. Clayton, says: "St. Joseph has not adopted a commission form of government. We have merely adopted a new charter."

The commission rule has not made much headway in St. Louis and Kansas City, because these cities, while having the right to frame their own charters, are hampered by constitutional restrictions. Kansas City must have "a mayor and chief magistrate and two houses of legislation, one of which, at least, shall be elected by general ticket;" St. Louis "a chief executive and at least one house of legislation to be elected by general ticket."

While Missouri is classified as a home rule state, this is only partially true. Cities in Missouri having populations over 100,000, meaning St. Louis and Kansas City, may formulate their own laws. The others are classified under constitutional requirements and by general laws into four divisions, determined by population. St. Joseph is the only first class city. No city is now operating as a city of the second class, but Springfield and Joplin are eligible to this class when they, by popular vote, so elect. The third class contains about sixty towns, including for the present Springfield and Joplin.

There is no constitutional impediment preventing any of the classified cities from obtaining, by general laws, the commission form of government, including the initiative, referendum, recall, and non-partisan elections.

When Kansas City, in 1905, appointed a board of thirteen freeholders to draft a new charter, these freeholders decided that it was impossible, without constitutional changes, to adopt the commission rule, and framed a charter concentrating power in the mayor. This charter was defeated, but in 1908, another charter incorporating its main features, was ratified by the people. This

charter was framed with the co-operation of men prominent as municipal experts such as Clinton Rogers Woodruff, F. A. Cleveland, L. S. Rowe and Elliot H. Goodwin, and followed more closely than any other existing charter "The Municipal Program" or "Model Charter" of the National Municipal League.

The double house of legislation was retained and the elective officers were limited to the mayor, the council, the treasurer, the comptroller, and two judges of the municipal court. The administrative work was divided into departments, and put in charge of bipartisan citizen boards of three members each, appointed by the mayor. To these boards was left the appointment, subject to civil service rules, of employees, with absolute right of discharge. The boards were given large discretion in expenditures and in the manning of their departments. The administration work of the city is divided into public works, fire and water, parks and boulevards, and hospital and health, each in charge of a board. These are supplemented by boards of civil service, of public welfare, and a public utilities commission. None of the members of these boards receives any compensation except those of public works, fire and water, and the public utilities commission. Even these excepted boards receive merely a nominal amount considering the amount of work under their charge. None of the board members is required to give his whole time to the city service.

The people of Kansas City are familiar with these sub-divisions of the city's work, and know who is responsible for each of the city's activities. In this way, as in the case of cities under commission rule, conspicuous responsibility is located on these several boards, and on the mayor responsible for their appointment. The mayor has the right to discharge the board members subject to reinstatement by two-thirds vote of the upper house of the common council. Giving this right of reinstatement to the members of the common council was a concession to the old practice under which the common council had the right to confirm or reject the mayor's appointees, and is of doubtful expediency.

From its earliest history Kansas City has pinned its faith to citizen boards. Its schools, for forty years so managed, are among the best. Its park and boulevard system, embracing 2,500 acres of parks and forty-five miles of boulevards, and being an estimated investment of \$16,000,000, is largely the result of the genius and

freely given services of two public spirited citizens, A. R. Meyer and D. J. Haff. Charles W. Armour, head of the Armour interests in Kansas City, has given of his time to the Health and Hospital Department, E. C. Meservey, president of the civil service board, and ex-city counselor, and John H. Thacher, a lawyer and ex-member of the charter board, are inaugurating a new civil service system. The civil service commissioners, in conducting examinations, have made a new departure, extending the Kansas City idea of using its citizen experts to do the city's work. They have appointed for each examination three citizens, experts in the subject matter involved, to frame questions and tests and to grade the papers submitted. Since the inception of the work, a little over a year ago, up to the present time, over 125 citizens have thus helped gratuitously and with no expense to the city to select city employees according to merit. Under the practical leadership of William Volker, acting as a member of the Board of Public Welfare, an institution has grown up having supervision of the various correctional institutions, charities and benevolences of the city, including a municipal farm. It has recently added to its activities a loan bureau and free legal service department.

Thus, our charter and practice thereunder has given incentive to citizens to take part in working out municipal problems. It is a question whether it would not be a loss if this opportunity of service were taken away by commission rule concentrating the city's power and authority in five experts. How far the commission rule would affect municipal institutions existing under present legal adjudications and the status of public improvements based on existing decisions of courts must also be considered. The commission rule is still in an experimental state and, as applied to large cities, is based, not on experience, but on *a priori* reasoning. At the present time it would be to the ultimate advantage of municipal government if all the various new forms, including the "Kansas City Citizen Board System" were thoroughly tried out.

Mayor Darius A. Brown, of Kansas City, who is also president of the League of American Municipalities, has inaugurated an institution having advantages of the commission rule in bringing together for consultation men prominently connected with the city's departments. Every Monday this "Mayor's Cabinet" meets for two hours discussion of civic matters and serves as a clearing

house for the various municipal energies. The members are prominent city officials and one representative from each of sixteen of the leading commercial, professional, and industrial organizations of the city. The city officials represented are, the city counselor, comptroller, treasurer, auditor, engineer, chief of police, municipal librarian, president of the upper house, speaker of the lower house, and the presidents of the municipal boards.

On March 31, 1911, Dr. C. A. Jackson, a member of the lower house of the common council of Kansas City, introduced a resolution providing for the appointment of a joint committee of the two houses of the council to investigate the commission form of government and report its findings by June 29th. The ordinance appropriated \$4,000 for the expense of the investigation. It was reported unfavorably. This ordinance caused discussion. F. F. Rozzelle, an ex-city counselor, in an interview suggested that there was no constitutional restriction to decreasing the number of the council and designating a member of the council to be *ex officio* in charge of a specific administration bureau, nor to incorporating the safeguards of the initiative, referendum and recall; thus accomplishing, in effect, the commission rule. He called attention to the fact that in the charter of 1889 the president of the upper house was also elected as the president of the Board of Public Works. If the city desired, it could, by charter amendment, reduce the number of wards or abolish them altogether.

On April 17, E. C. Meservey suggested at the mayor's cabinet meeting a plan of amending the present city charter so as to have a modified form of commission rule without any constitutional changes. He suggested the abolition of ward lines and provision for a small group of officers, elected at large, combining legislative and administrative functions; each councilman of both upper and lower houses to have administrative charge of a city department and give his whole time to the city; also to incorporate, for safeguard and protection, the initiative, referendum, and recall. In a later interview Mr. Meservey leaned to the view that the parks and the civil service, and possibly some other departments, might be managed by appointive boards. No official action has ever been taken on these suggestions.

Although these two ex-city counselors, one a republican, the other a democrat, thus seem to advocate, or at least approve, the

commission rule, there is a strong tendency throughout the state to adhere to old forms.

On the other hand Governor H. S. Hadley, a republican, in a recommendation to the legislature last January suggested the passage of a measure for commission rule for the smaller cities, and ex-Governor Joseph W. Folk, democrat, says: "I favor the commission plan of city government for the reason that a municipal corporation is a business concern and its government should be modeled after that of the ordinary corporation rather than after the sovereign governments of the state and nation. This is a simplified form of government, and the simpler government can be made the more government by the people there will be."

Mayor Darius A. Brown expresses the prevailing sentiment in Kansas City and St. Louis and the true principle of charter making. He says: "I do not believe that any particular form of government, adopted by some other city, should be taken up bodily and an attempt made to apply it to the conditions existing in Kansas City. However, I believe it is the duty of those connected with the government of Kansas City, taking the present charter and form of government as a basis, to adopt every change in the method of transacting business which has proven successful in the experience of other communities."

On January 31st, 1911, St. Louis, at a special charter election, refused to adopt a charter prepared by a board of thirteen freeholders after two years' study. The chairman of this board was Fred H. Lehmann, now Solicitor General of the United States. The board was of the opinion that while St. Louis could not adopt a commission form of government, a charter might be drawn up having some of its best features. They provided for one house of legislation of fifteen members, elected at large, instead of the present bicameral council. The comptroller was given a seat in the council with right to debate matters pertaining to his department, but without right to vote. With exception of a few elective officers the charter concentrated the appointing power in the mayor with right of removal by him without trial, and left to the responsible heads of departments and boards the power of appointing and removing their subordinates, subject to civil service rules. This charter provided for a board of public improvements of five members, at least three to have technical training and experience,

appointed by the mayor, and gave them control of all public works, parks, boulevards and playgrounds; also it allowed them to serve as a public utilities commission. The members were to have salaries of at least \$8,000 each. It was a loss to experimentation in city administration that the defeat of the St. Louis charter prevented this from being tried out. This plan showed the influence of the commission idea in giving five men such conspicuous and responsible functions on salaries sufficient to attract experts. This St. Louis charter provided for the recall of elected city officers on a 25 per cent basis, but only at the biennial November elections, and for referendum of franchises on a 15 per cent petition, and no initiative. It also had a novelty in franchise legislation by providing a means whereby municipal ownership, if deemed advisable by the people, might be made practically possible by providing that the city should have the right to issue bonds solely upon the credit of the income derived from and the property used in connection with any public utility owned or operated by the city. It was largely due to dissatisfaction with the limitations on the recall and the absence of the initiative, combined with opposition to the civil service provision and to the abolishment of ward representation, that the charter suffered defeat.

Dwight F. Davis, a member of the Executive Committee of the National Municipal League, and vice-chairman of the defeated St. Louis charter, comparing it with commission rule charters, makes this analysis: "Is it not possible to obtain the undoubted advantages of the commission plan without the dangers incident thereto? The main inherent advantages are simplicity, administrative efficiency and the short ballot. Other features of the later commission charters, such as the initiative, referendum and recall, are adaptable to any system, and therefore, are not arguments either for or against the commission plan itself. In the proposed charter for St. Louis, defeated recently, it was hoped to secure the inherent advantages mentioned above by the election of a minimum number of officials and by giving practically all the important administrative duties to a small body of six men, except certain well-defined special departments, such as the Police and Fire Departments. A small legislative body was proposed with absolute control over the public purse, whose duties were confined to the determination of matters of policy. The Board of Freeholders

believed that, by securing in this way a simple and efficient government, with a comparatively short ballot, most of the advantages of the commission form would have been obtained without its danger. I believe that the evolution from our present system along these lines would be wiser than the revolution involved in the adoption of the commission plan."

In 1908 St. Joseph, then operating under the law applicable to cities of the second class, determined to get a charter passed applicable to cities of the first class and suited to its needs. A committee was appointed to accomplish this. The committee, over twenty in number, consisted of three members of the council, certain city officials, and citizens selected by the city's commercial organizations. A charter framed by this committee in 1909 was enacted by the legislature, and adopted by St. Joseph at a special election, September 7th, 1909. Instead of nine aldermen, one from each ward, it provided for the election at large of five. All legislative powers were vested in the council, subject to the mayor's veto. The executive functions were vested in the mayor and other officers elected by the people. This charter incorporated the initiative, referendum, and recall; the elective officers were cut down in number to the mayor and five aldermen, the judge of police court, auditor and treasurer. The other officers, including a number of citizen boards are appointed by the mayor. The charter incorporated the Omaha Viaduct Law, the Kansas City Park Law, and, copying the New York utilities provisions, assured itself of ample powers to regulate public utilities. Although the committee framing this St. Joseph charter were inclined to the commission rule, still their work showed a tendency to adhere to old charter provisions and those of other cities tested by experience,—especially in the matter of public improvements.

Joplin has always claimed to be the first city in Missouri to advocate commission rule in city government and in 1907 had, without success, submitted to the legislature a charter on those lines framed by a citizens' committee under leadership of Judge O. H. Picher. So that, in 1909, when St. Joseph, as a city of the first class, succeeded in securing a new charter having some features of the commission rule, Joplin began an active campaign for a general law providing the commission rule for cities of the second class, to which it and Springfield then were the only eligibles. The present

form of charter for cities of the third class was good enough for Joplin when a mining town of 5,000, but had become inadequate for a city of 35,000 population, demanding larger expenditures and more liberal provisions for public improvements.

Remembering the defeat of 1907, the leaders recognized that active work was necessary. The Commercial Club of Joplin appointed a committee of about twenty, three from the council, and three each from the Joplin Commercial Club, Joplin Trades Assembly, and the Bar Association, and also representatives from the South Joplin Business Men's Club, and the Retail Merchants' Association. Other men, well known for their ability, who had been connected with the framing of the charter, defeated two years before, were added. This general committee, with Hon. Hugh McIndoe, former state senator, as chairman, appointed a sub-committee to draft a form of charter on the commission rule plan. The members of this sub-committee were Haywood Scott, chairman; Douglass E. McDowell, P. D. Decker, Bert W. Lyon, George J. Graystone, and Thomas J. Sheridan. Springfield was asked to co-operate and a resolution was passed by the council of that city, authorizing the mayor to request the Commercial Club, the Springfield Club, the Trades Union, and the Central Trades and Labor Assembly, and the Bar Association each to appoint three. This committee, though appointed some time before that date, did not meet until December, 1910, when the newly-elected mayor, Robert F. Lee, called a meeting and, on December 22, 1910, the committee, at a conference with the Joplin committee, adopted the Joplin plan already prepared. Seventeen of the men who drafted the bill were democrats, twelve were republicans, and three were socialists.

After the charter was completed, Mayors Guy Humes, of Joplin, and Robert F. Lee, of Springfield, of opposite political parties, accompanied by twenty-five representative citizens of the two cities, took the bill to Jefferson City. Those appearing in its behalf included professional and business men, and representatives of the various civic and labor organizations. A request was made of the representatives of the two counties to introduce the measure in the legislature, and early in January the bill was introduced into the senate by Senator Kirk Hawkins, of Springfield, and Senator J. F. Dunwoody, of Joplin, and in the house by Representatives McLain Jones, of Springfield, and Charles W. Fear, of Joplin. It was

referred to the house committee on municipal legislation, of which F. H. Farris was chairman, and the same committee of the senate of which M. E. Casey, of Kansas City, was chairman, but was never reported out. While the bill was pending, petitions from Joplin and Springfield, having long lists of signatures were filed both for and against the bill. Both sides claimed that the "interests" were against them. The chief opponent of the bill was Mr. Gilbert Barbee, of Joplin, influential locally in politics and formerly owner of the *Joplin Globe*, and for years political dictator of the town, who succeeded in persuading politicians that this was the breach that meant the ultimate overthrow of party organization. He summoned to his aid men from all over the state upon whom he had conferred political help, and, although no cities except Springfield and Joplin were affected, encompassed the defeat of the bill. From some source the report was sent abroad among the legislators that it was a political move to give the republican party an advantage, a strong argument with a democratic majority. T. K. Bowmen, of Springfield, gives as reasons for the defeat of the bill: "One of the chief objections was the provision to nominate and elect councilmen-at-large. Another objection was that each member should be elected for a specific department." Both parties in their last municipal campaign in Joplin endorsed the commission rule.

The Joplin-Springfield proposed charter was an up-to-date commission charter providing for a mayor and four councilmen elected at large and well paid, and incorporated the initiative, referendum, and recall, non-partisan elections, and civil service for minor employees. Any citizen might pay \$10 and file with the city clerk a statement of his candidacy for the council, including a declaration of principles, not exceeding 300 words, to be printed at the city's expense and mailed to the registered voters. Each member of the council had the right to appoint all officers and employees in the department under his supervision and to remove them at will.

At the same time that Joplin and Springfield were arousing sentiment for commission rule in their communities, the smaller cities, a large number of which were associated in the "League of Missouri Municipalities" were working to the same end for themselves. This organization having over thirty-five Missouri towns on its membership, had appointed a committee consisting of E. C.

Yeater, of Sedalia; Dr. Isadore Loeb, of Columbia; Lee T. Montgomery, of Sedalia, and L. E. Bates, of Webb City, to prepare the bill. When the bill was presented in the legislature by Samuel H. Pickler, of Adair county, on January 27, 1911, it was accompanied by a statement of the League of Missouri Municipalities giving arguments for its favorable consideration. The bill, while embracing in its terms cities from 3000 to 100,000 population, and covering cities of the second and third classes, was not intended in any way to interfere with the Joplin and Springfield bill, but was a modification of that act for smaller cities. The bill provided that twenty-five per cent of the voters of the municipalities affected might petition for a special election to vote for the adoption of the proposed system. A board consisting of two, three, or four councilmen, according to the size of the city, and a mayor, elected at large, was to manage the several city departments and to select the subordinate officers and employees necessary for the city's business. All franchises were to be submitted to popular vote. The initiative, referendum, and recall were provided for. This bill was referred to the municipal legislation committee and never reported.

Aroused by the discussion of these two bills the state senate appointed a committee consisting of Senators George W. Humphrey, Francis M. Wilson, Thomas F. Lane, Josiah W. Peck, and J. F. Dunwoody, to visit cities operating under commission government, and report its findings, with recommendations, to the next general assembly in 1913. This committee expected to make a study of commission ruled cities this fall and winter and to make an exhaustive report in 1913, but only recently E. W. Majors, prominently spoken of as the next democratic nominee for governor, and now attorney general of the state, has rendered an opinion denying authority of one house of the legislature to incur expenses for this purpose; and also the right of such committee to act in vacation.

It is probable that the next legislature in 1913 will enact a law giving to the smaller cities the option of adopting the commission rule—and it is certain that Joplin and Springfield will renew their fight for commission rule for cities of the second class at that time.

The larger cities in their enthusiasm to adopt the "new idea" should at the same time take care to "hold fast to that which is good" in charters drawn with labor and care for their needs. There is a value in citizen service rendered without pay by men of brains

and wealth who could not afford to give their whole time to city service. In the argument for commission rule as being merely the adaptation of business methods to municipal administration, the fact should not be ignored that, in business organizations, directors of the companies, with the exception of an occasional officer, are not the experts who do the business, but are men who, successful in other lines, in protecting their own interests, serve as directors without pay, appointing and supervising experts, and determining policies.

PART THREE

*Objections, Limitations, and Modifications
of the Commission Plan*

OBJECTIONS TO COMMISSION GOVERNMENT

BY WALTER G. COOPER,
Atlanta, Ga.

Commission government is an effort to clear away the confusion of power and responsibility that is apparent in most kinds of municipal government in this country. In order to get simplicity and avoid confusion, the entire structure has been wiped out and a new form substituted in its place. Up to this time there has been more or less distinction between legislative and executive functions in city government. The legislative department was supposed to enact ordinances, levy taxes and make appropriations. The executive was to execute the ordinances, disburse the appropriations, and attend to the business of government. These functions were more or less confused, but the distinction was there, in theory if not in practice. In proportion as they were confused and the line of demarkation between executive and legislative departments was obliterated and disregarded, there was difficulty in getting a satisfactory administration of municipal government.

The trouble in many cases has been that the legislative department has had a large part of the executive power. Councils have had power to elect the executive officers or the executive boards. This resulted in the complete domination of the business administration by the men whose duty it was to make laws. When the same men have power to make laws and execute them, or to appropriate money and spend it, there is always trouble. It is bad in business or government. That is just what happened in many cases and the result was such as to fatigue the patience of the public. Members of councils were influential in every branch of the executive department. They could and did secure the appointment of subordinates in the various departments. Such subordinates were more loyal to the councilman who secured their positions than to the head of the department in which they were employed. Policemen were in politics because they had to be. They must support the men who made their tenure of office secure. This made partisans of the policemen. The influence of councilmen was felt in awarding contracts and in the purchase of supplies.

Their friends and supporters were favored. This prevented a business administration and made economy difficult. Business men, as well as students of government, were aware of the confusion, and naturally came to the conclusion that a concentration of power and responsibility was necessary. They also saw that, in the present confusion, where a councilman can dispense patronage, log rolling is inevitable.

These conditions made people think that the whole trouble was with the legislative council. They got the idea that if they could abolish the council and give all the power, legislative and executive, to one small body called a commission, the trouble would be overcome. By some strange illusion, they imagined that placing all the power and patronage in the hands of five men would eliminate politics from municipal government. Thus they went from one extreme to another. The omnibus power was transferred from the legislative branch to the executive. It did not occur to them that this was simply the same old confusion of powers in concentrated form. It was an aggravation of the old trouble. The experience of ages has shown that the functions of legislative, executive, and judicial departments are essentially separate and distinct, and that any confusion or overlapping of these powers invariably causes trouble.

Instinctively feeling that they were running counter to human experience, the advocates of commission government tried to meet that objection by the assertion that municipal government was a thing apart. "Municipal government" they said, "is a business institution, with no legislative functions." So eminent a man as Dr. Charles W. Eliot, made that assertion. This shows how far college presidents can go astray when they set up for authorities on subjects of which they have only a superficial knowledge. There is not a city code in the United States that does not contain thousands of ordinances touching matters that concern the life, liberty, or property of the citizen. The truth is that no other body of laws interferes with individual freedom of action so much as city ordinances. In the country the law-abiding citizen hardly ever feels the tether of the law. In the city he feels it all the time. The ever present policeman is there to make him move on if he does not move of his own accord. The sanitary inspectors, the quarantine officers, and no end of functionaries are around and

about to see that the numerous city ordinances are enforced. Congestion of population makes this necessary. It is the peculiar disadvantage of city people that they have to be governed more than any other people. In the very nature of the case it cannot be otherwise. To say that municipal government has no legislative functions is the height of absurdity. Its judicial functions are not unimportant. The attempt to save the merely mischievous youth from becoming the victim of a barbarous police system which makes him a criminal by force of arms is a great problem of urban life. The protection from burglars and thieves is absolutely necessary.

Education has problems that transcend those of business and should not be held down to a commercial plane. Neither education nor the administration of justice can be commercialized without lasting injury to the community.

Commission government means that five men shall make the laws of a city with all their complex and important applications, and the same five shall execute these laws and select the recorder who tries the cases made under them.

When five men have all the power and patronage of a city government, with its millions of dollars worth of purchases and its thousands of employees, it is too great a temptation to let them make the appropriations and levy the taxes which furnish the only limitation of their power. General Robert Toombs, in framing the constitution of Georgia, said that he had locked the door of the treasury and thrown the key away. Commission government means to unlock the treasury and throw the key away. To let the same five men have the power of levying taxes and making the ordinances under which all the patronage is to be dispensed, is to invite an abuse of power.

Heretofore the legislative departments have held the power in municipal government with no effective check on the abuse of power. Now it is proposed to put all the power in the hands of fewer men in the executive branch, with no effective check on it. The last case is worse than the first. In answer to a letter of inquiry from the author, Mayor H. A. Landes, of Galveston, whose administration was of such excellence that it established the reputation of commission government, wrote as follows:

Our plan is all right and has given satisfaction to seventy-five per cent of our people because we have had efficient business men, but with dishonest,

incompetent and indifferent men in office, our plan would be more disastrous to both taxpayers and the people than the old plan; because a designing man would have a greater field to operate in, his powers being more concentrated. The plan is a secondary consideration. For satisfactory government, success in results depends upon the men in office.

Another letter of inquiry directed to the *Galveston News* was referred to Mr. John R. Hedges, of that paper, who replied as follows:

Even without a commission form of government, Galveston would necessarily have had a reform government after the storm. The eight years' results under the commission form at Galveston have been more satisfactory than results under the former aldermanic government. The placing of large power in the hands of five commissioners has worked satisfactorily because the five men up to this time have been representative business men. These men had succeeded in business before they were made commissioners. Our mayor had retired from business after making a half dozen fortunes. He would not walk across the street to be elected mayor, but if you placed the honor upon him he would take it. He is a fine, typical, Southern gentleman. Because the government is in the hands of these business men there has been no political machine. What machine exists here is composed of an element which has always fought the commission form of government. Unfortunately that element seems gradually to increase.

Mr. Hedges said the commission defeated this opposition at the last election by a two-thirds vote. At the approaching election he thought the vote would be close. In regard to getting good men to run for office he said:

It was worse than pulling teeth to get a real representative man here to run for office. Business men are simply wrapped up worshipping the eagle. They know no other god or good government—many of them.

That was in the year 1909, just before an election. The result of that election was the defeat for Mayor Landes, the ideal mayor whose superb administration made reputation for commission government.

By some strange illusion even experienced men have the idea that commission government puts an end to politics in municipal administration, and that such old disturbing factors as the liquor element and public utility corporations are held down with an iron hand. Experience shows the reverse to be true. Mayor Landes' defeat at Galveston was the result of the commission's refusal to grant licenses for beer saloons in the residence districts.

In a joint debate held in Atlanta between John MacVicar and
(856)

Ex-Alderman Wise, of Des Moines, Mr. MacVicar made many claims for the commission government, among other things saying that under the commission a man who had somehow got \$25,000 of the city's money was forced to disgorge. In reply Mr. Wise said: "That is true, but he neglected to tell you that the man referred to is a member of the commission, with the same power to vote the public money that Mr. MacVicar has." He added that one of the first acts of the commission was to appoint as Chief of Police a man who could not earn \$1,000 a year and whose only previous connection with the police department was when he was arrested and fined for a misdemeanor. Mr. MacVicar admitted the truth of these statements, saying they did not have perfect men in office and they had made some mistakes, but he contended that the work of the commission as a whole was better than that of the previous government. However that may be, these undisputed facts are sufficient to explode the idea that commission government eliminates politics and establishes a purely business administration.

The American business man has been mesmerized by this talk of a business government and has closed his eyes to the plain facts, almost refusing to scrutinize this new thing as he would any other new proposition.

It is time now to tear away the mask of popular illusion and look commission government straight in the face. What then do we see? Absolute power in the hands of five men, the power to control life, liberty and property, make the law, execute it and judge of it, through the men they appoint; to levy the taxes; regulate the scale of values in the assessment of property; make the appropriations; spend the money, and control the auditors who check or report on the expenditures. We are told that this is a business government. No business corporation of any intelligence would tolerate such a system in its own affairs for one moment. The checks and balances of power in government that have been adopted as the result of the experience of ages cannot safely be cast aside.

Commission government is a protest against the other extreme of concentrated power, where council has all, or nearly all, of the power. The difference between the extremes is that a councilmanic government distributes the executive power among many persons. A familiar form is to have a board for each of the departments, with a member of the board from each ward. In Atlanta, for

example, there are seven executive boards elected by council and each board is composed of a member from each of the ten wards, the chairman of the council committee on that subject, and the mayor. Twelve is an unwieldy number for an executive board which actually runs the department. Under this system the head of the department becomes a figurehead. Boards are slow moving bodies, especially where they are composed of diverse political elements and each member represents a ward. Back of the board is the council that elects it, and in the election there is the give and take of wards, vote for vote, with a combination of other favors, often including a pledge to vote for certain local improvements if the member from that ward will vote for a certain candidate for some board, who in turn will secure a job for some friend or supporter of the councilman who makes the bargain. So it goes *ad infinitum*.

The concentration of executive power in the hands of five men undoubtedly makes for efficiency. It facilitates action and despatches business. So far so good, but it was not necessary to add legislative power to the executive board in order to reach this result. Just there is the fundamental error in commission government. Had it taken all executive powers from the council or the two chambers, where there is a bicameral system, and placed those powers in the hands of a few men, leaving all legislative power in the hands of the council or the council and aldermen, there would have been a salutary balance of power with increased efficiency on the executive side. To illustrate, commission government puts the power to levy taxes, regulate assessments of property, make appropriations, appoint auditors, enact laws, and control the election machinery in the hands of the five men who are to spend the money, enforce the law and judge of its violation. There is absolutely no check on an abuse of power. If the tax rate is limited by charter, they can get more money by raising the assessments. If some of their expenditures are irregular, they can appoint easy going auditors. If the ordinances put too many obstacles in the way of their political schemes, they can change the ordinances. If they want a wide open town, they can weaken the ordinances and put in a recorder who will nod on the bench.

In every city there are several powerful political factors that are always organized and ready for business. The two most con-

spicuous are the public utility corporations and the liquor dealers. Both control a large number of votes and they understand the power of combination in politics.

Five commissioners, or three men composing a majority, with all the executive, legislative, and judicial power of the city government in their hands, and with an immense patronage, including thousands of city employees and the voters employed by supply houses, are in position to do business in the political market on a gigantic scale. By combining with the public utility companies and the liquor element and bringing together the vote of these factors with the administration vote, they will have unified from one-third to one-half the vote of the city. Through the ramifications of supply houses and contractors' employees, this can be extended to a majority of the entire vote and they have an iron clad political machine which nothing short of a local revolution will break or overturn. What good is the recall under these circumstances? The public utilities get what they want and deliver their vote. The liquor dealers and the tenderloin get a wide open town and they also deliver their vote. The supply men and the favored contractors do the same. Any man who tries to start a reform is crucified. The very air becomes black with calumny about him and any number of adroit and able lawyers are employed to hound him. Even detectives are employed to watch him. He is systematically talked about in business circles as an "unsafe man." His credit is shaken, business is withdrawn from him, and finally he is in great straits to earn a living. The public is long suffering and endures such conditions for years before it rises in its strength and overturns the machine.

If commission government is not the remedy for the bad conditions of the present forms of municipal administration, what is the remedy? The answer can only be found by a return to first principles. Reduce all political factors to their simplest form. Then we can see clearly. What do we find in the crucible of this analysis? A confusion of executive and legislative powers, mainly in the hands of the legislative department, with no check on it. The remedy is not to transfer all that power to the other department, but to divide it, cutting asunder the executive and legislative departments, separating their functions, and setting them over against each other as checks and balances of power. Here alone is safety.

This is the old principle which has been vindicated by experience so long that "the memory of man runneth not to the contrary." How is it to be applied to the conditions of urban life? By a government with a simplified executive, balanced by a council or councils on the legislative side.

The idea so common among business men that a city council should be reduced to a few men and ward lines should be abolished is a dangerous error, sedulously propogated by special interests which are politically organized on a large scale. It is expensive and very difficult for an independent citizen to run for council before a whole city. The machine is everywhere with its organized force. One word and all this machinery works against the individual. He cannot overcome this opposition except by herculean effort and expenditures which few men can afford. In his own ward it is different. He fights only one branch of the machine and he can reach the voters without great expense. There is of course some danger that ward representatives will consider the local interests to the disadvantage of the general interest. For that reason, there should be a check on local representation by dividing the power of the legislative department between the popular chamber, elected by wards, and a smaller chamber, usually called an aldermanic board, elected from the city at large. The aldermanic board will be more broadly representative if its members are not elected in the same year, but come in and go out successively, so that no popular craze will completely dominate the board.

With this bicameral system, in which the local and general interests are balanced against each other, we have now to see that the legislative functions are preserved intact and that they do not encroach on the executive. All questions of taxes, appropriations and assessments, all ordinances and the control of the machinery of elections should be in the hands of the legislative department. On the other hand, the legislative branch should have nothing to do with the administration of the executive business of the city, should have no voice in the selection or election of executive officers and subordinates.

The judiciary should be appointed by the executive and confirmed by the upper chamber of the legislative branch. Then neither of the other two departments can absolutely dominate the city bench.

The legislative branch should have power to provide an independent audit of the books and publish accurate comparative statements of the work in each department compared with similar work in other cities.

Legislative bodies, properly constituted, serve the purpose of informing the public concerning the merits or demerits of the executive administration and keep the voter's interest aroused. This is the very sheet anchor of good government. When the council controls the executive, this effect is minimized, because those who exercise the power do not criticise their own actions. Put the executive power in other hands and the council will resume the functions of healthy criticism just as we see it in state legislatures and in Congress.

In order that all public interests, general and local, may be properly served and conserved, there should be in the legislative department of every considerable city, the checks and balances of the bicameral system, with a popular chamber elected by wards and an upper chamber of fewer members elected by the city as a whole. This is the only way to prevent legislation from going to hurtful extremes against the public to favor localities, or in favor of the general public at too great cost or damage to localities. The tyranny of the majority is a very real thing and has sins of omission and commission. It neglects localities of little influence or wealth and loads improvements on the influential and the wealthy. At times it fastens a nuisance, offensive to the eye, ear, or nose, and injurious to health upon the neighborhood without a pull, and no appeal to justice or humanity will avail to protect the sufferers. The appeal for relief is met with the answer that local and individual interests must give way to the general good and that, in a democratic government, the majority should rule. This hypocritical plea is made by the influential element which controls and to them the sacrifice is all right so long as it is not to be made by them. If their ox were gored, it would be confiscation of property. This kind of tyranny can only be prevented by ward representation.

SOME DEFECTS OF COMMISSION GOVERNMENT

BY DUNBAR F. CARPENTER,
Counsellor-at-Law, Colorado Springs, Col.

It is the purpose of this article to discuss some of the points wherein commission government has been a disappointment. If the dark side seems predominant, it is because that is the particular side to which attention is here directed. The obvious benefits of a simplified city government are passed by, not because they do not exist, but because that bright part of the picture is purposely neglected. The discussion will be confined to simply one municipality, the City of Colorado Springs, Colorado. It may be proper to say that the writer of this article is in sympathy with the charter under discussion, and that such adverse criticisms as he may make are based on his observations of the actual working of the mode of government now in force in Colorado Springs.

Two years ago Colorado Springs, a city of 30,000 inhabitants, adopted a charter, under an amendment to the state constitution which allows absolute "home rule." The chief provisions of this charter, now necessary to be set forth, are as follows: 1. The only elective officials are a mayor and four commissioners. They compose the city council, each having one vote. The mayor has no veto, though he prepares the budget, which the council may reduce but not increase. The mayor is the head of the water department, and each of the others has charge of one of the other departments, to wit: Finance, health, public safety, public works. The mayor has the sole power of appointment, upon the recommendation of the head of the appropriate department, after examination and certification by the Civil Service Commission, and the sole power of removal. 2. The mayor and commissioners are elected for a term of four years. Nomination is by petition of twenty-five voters.

The names of candidates are placed on the ballot in alphabetical order, and "nothing on the ballot shall be indicative of the source of the candidacy or of the support of any candidate. . . . No ballot shall have printed thereon any political designation or mark, and there shall not be appended to the name of any candidate any

such party or political designation or mark, or anything indicating his views or opinions.¹" In other words, merely the name of the candidate is placed on the ballot. The voter places a cross opposite the name of the candidate for whom he wishes to vote. Furthermore, a candidate must accept this nomination, if he desires to have his name appear on the ballot, and at the same time must make affidavit "to the fact that he has not become a candidate as the nominee or representative of or because of any promised support from any political party or any committee or convention representing or acting for any political party."² If, at the first or primary election, there are not enough candidates receiving a majority of the vote cast to fill the offices, a second election is held, two weeks later, at which all candidates are dropped except those not exceeding twice the number of the office or offices to be filled who, at the first election, received the highest number of votes less than a majority for such office.

These provisions securing a non-partisan election have been gone into in some detail because of the somewhat unexpected results following upon them. Two municipal elections have been held since the charter went into effect; the first in 1909, and the second in April, 1911. There were elected at the 1909 election a mayor and four councilmen; and at the 1911 election two councilmen to serve for four years, in the place of the two councilmen who received the lowest vote in the 1909 election. At neither primary election did any candidate receive a majority of the vote, so that both times a second election was necessary.

It is pretty clear that the political parties have kept their hands off in these elections. To be sure there has been some attempt to secure the election of a candidate on the ground of his political affiliations; but that this attempt has not been successful is proved by the fact that, though this city is overwhelmingly republican in state and national elections, at the municipal election of 1909 three democrats were elected, the mayor and two councilmen, and at the recent election, the two democratic councilmen, whose terms expired, were re-elected.

One of the results of non-partisan election, thus far apparent, is the reluctance of really first-class men to run for office. At the

¹ Charter, sec. 101.

² Charter, sec. 94.

recent election, there were eighteen candidates for the two positions, of whom a majority were absolutely unknown. With one or two exceptions, the candidates in both 1909 and 1911 were men who had not made a great success in business, and who were most assuredly not leaders in the community. The type of candidate is about the same, if anything, not as high, as in the days of party tickets. Without any organization supporting him, a man hesitates to become a candidate. The fight is his, and his alone. The issues in these two campaigns have been so purely personal, that public addresses have not been attempted. The only mode of bringing attention to oneself is either by personal appeal, or through the press.

Therefore, the support of the two newspapers published in the city is eagerly sought. Yet, oddly enough, the newspapers are not as influential with the voters as one would imagine. For instance, in the last campaign, the two papers both supported one man, A, one paper supported B, and the other, C, for the second office, and both united in opposing D. B was elected, receiving the largest vote, D won over A by one vote, and C was left far in the rear. The result of the election in 1909 also showed that newspaper support was not essential.

It would be advisable, in my judgment, to require a petition signed by electors equal in number to at least twenty per cent of the votes cast at the last municipal election to entitle a name to go on the ballot, or to require a cash deposit, to be forfeited if the candidate does not receive a substantial vote. This last plan, though now in effect in one or two cities, has obvious disadvantages. It is important that the names of men who have not the remotest chance of election should not go on the ballot. Not so much because they encumber the ballot—the voters have no difficulty, as experience proves, in weeding out the ridiculous candidates—but because worthy men are deterred from becoming candidates from a not unnatural dislike to having their names appear with the names of men whose candidacies are looked upon as “jokes.” That is, if men allow their names to go before the voters, without any serious thought of election, the ballot loses a good deal in seriousness, becomes a good deal of a farce, and men of standing dislike to become participants in the proceeding. The effect of free and easy nomination is therefore unfortunate. It will not do to await the

elimination of the unknown at the first election. The harm of their candidacies has already been done.

The principal indictment against our charter is its unquestioned failure in inducing first rate men to accept nomination for office. We hoped that non-partisan elections would bring about the selection of able officials. The event has completely disappointed our expectations. It is easy to see now that our hopes were based on no substantial foundation, but inasmuch as we did expect a decided change for the better in this respect, we are obliged to confess that the commission form of government has been a disappointment.

It is perhaps worthy of remark that, though women vote in Colorado, and though they cast half of the votes in Colorado Springs, so far, not a single woman has offered herself as a candidate for mayor or for commissioner.

Turning now to a review of the charter provisions concentrating the power of appointment in the mayor. The pure commission government, as originating in Galveston, contemplated five independent commissioners, each supreme in his own department. The framers of the Colorado Springs charter disliked the idea of a ship with five captains, each independent of the others. They, therefore, to follow out the metaphor, attempted to have one captain and four mates, by making the mayor supreme in the matter of appointments and removals and by giving him a certain, though not very well defined, power of supervision over all the departments. The mayor with us is not a figurehead, but a very potent force. He has his own department in which he makes his own appointments without interference, and, at the same time, he has a supervisory power over all the other departments, and on him alone rests the ultimate responsibility for all appointments.

The charter provision is as follows: "He (the mayor) shall, upon the recommendation of the commissioner of the appropriate department, appoint such heads of departments, deputies and principal assistants as may be created by this charter or by ordinance. He shall, upon like recommendation, appoint all other officers in the service of the city, except day laborers . . . and no officer whose office, position or employment is created by ordinance shall hold the same for any fixed term, but shall always be subject to removal by the mayor."

* Charter, sec. 23.

There is considerable difference of opinion between the mayor and the commissioners as to whether the word "shall" should be construed to be mandatory or permissive—whether the mayor must appoint the nominee of the commissioner, or whether he may appoint or may reject. But, so far, the mayor has succeeded in sustaining his view that he has full discretion in the matter of appointment, subject always to the limitation that he cannot appoint any one but a nominee of the appropriate commissioner. That such a system, however desirable theoretically, should give rise to friction is inevitable. The commissioners are elected by the people in the same way that the mayor is. He holds his authority from the people, and so do they. In council, they have as large authority as the mayor, and the mayor has the same power as they. But yet, when the commissioner of public safety desires to appoint a policeman, he must first obtain the mayor's assent. The commissioner naturally does not like such a restriction, and this system has a tendency to induce the commissioners to blame the mayor, when any appointee is not satisfactory. So, too, as the commissioner cannot remove, he is inclined to believe that he, holding his office from the people, and responsible in their eyes for the administration of his department, is unduly and unfairly hampered in the administration of his department. On the other hand, the mayor is sometimes placed in an awkward situation. If he interferes in a department, he is blamed for meddling. If he does not take action, he is chided for inefficiency or for lack of back-bone.

One of the chief objects of the charter is to fix responsibility, so that the citizens may readily place the blame for unsatisfactory conditions. Yet it may be doubted whether this dual system of appointment does not tend to defeat this object. In the first place, there has unquestionably been some "trading" between the mayor and the commissioners. In order to secure the appointment of his nominee to a certain position, the commissioner has, more than once, allowed the mayor a free hand to appoint to another position in that department. Thus, in three of the four departments entrusted to the commissioners, the mayor has to-day at least one man who is his personal representative. In one case, at least, the mayor's man is inefficient. Yet the commissioner, for the sake of harmony, makes no move to have the incumbent ousted. He probably feels, and not without reason, that there would be retaliation. In such a

case, the mayor clearly has the whip-hand. In the second place, the question constantly arises as to who is responsible for the retention of an employee. If the commissioner requests the mayor to remove an incumbent, and the mayor refuses, the commissioner is obviously left in an awkward situation. He is compelled to work with a man whom he dislikes, and who is in a hostile attitude toward him.

Recently the commissioner of public safety asked for the resignation of the chief of police. The mayor intimated that, upon formal demand, he would consider the removal of the chief. The matter was allowed to drop there. Now the commissioner, in that case, may have acted solely from political motives, with the idea that, by seeming to make the mayor the sponsor for the chief, he himself would escape all responsibility for inefficiency in his department. The mayor, on his side, may have felt that the request was not made in good faith, though he may have been perfectly willing to make the removal, if the commissioner insisted. Whatever may have been the secret motives actuating these two officials, the result is that the question of responsibility for retaining the chief cannot definitely be laid on the shoulders of any one man. The commissioner has not pressed for removal, the mayor has not refused to remove. I do not cite these instances as being fatal to the plan adopted by the charter. I regard them merely as illustrations of the impossibility of framing any scheme of government which is perfectly satisfactory. On the whole, I incline to the belief that these provisions of the charter have so far worked pretty well.

● That the charter has not worked, in respect to appointments, in accordance with the expectations of its framers, is not open to dispute. The system they planned is inherently defective because of the human equation. A mayor and four commissioners who had no human nature in their composition could work together smoothly. But ordinary mortals are bound to come into collision when the assent of two men is necessary before an appointment to office can take effect. This provision of the charter contains the germ of much greater mischief than has yet arisen. This defect, if one it be, is inherent. I cannot believe that the Galveston plan of having five independent commissioners is desirable. The Colorado Springs plan would seem to be preferable.

Turning now to another defect, the problem, which perhaps caused the framers of the charter the greatest difficulty, was the

question of compensation for the mayor and the commissioners. They finally fixed the annual salary of the mayor at \$3,600 and of the commissioners at \$2,000 each. Three hundred dollars a month is clearly not an exorbitant salary for the head of a city of thirty thousand. Whether even five hundred dollars a month would attract men of ability is doubtful. Probably the salary fixed by the charter is sufficient for the kind of men who would assume the duties of the office. But when consideration is given to the annual salary of \$2,000 for each commissioner, it becomes apparent that there is both over-payment and under-payment. The duties of the commissioner of public works, which include the care of the streets, are such that he must give all his time to the city. The work of the commissioners of finance and of public health is so very light that an hour a day, outside of council meetings, would be ample to keep those departments in good shape. It is unfair to give the same compensation to each commissioner, for the only one who is debarred, owing to the exacting nature of his duties, from continuing his private business is the commissioner of public works.

As a matter of fact, two of the commissionerships are superfluous. Three men could manage the affairs of this city to better advantage than five. It would be true economy to place the mayor at the head of the finance department, and to combine health with public safety. The salaries of the mayor and the two commissioners could be increased a thousand dollars each, and they would earn it. As it is now, three of the commissioners have very little to do, and are greatly overpaid. When it is recalled that the mayor makes the preliminary budget, which is considerably under half a million, it will readily be seen how useless is the position of commissioner of finance. So, too, of the commissioner of public health. The medical officer, termed the city physician, does all the work. This unnecessary multiplication of elective officials is a serious defect in the charter.

One of the chief arguments advanced in favor of commission government is its supposed economy and efficiency. I believe that it does tend to efficiency, but we have not found it any more economical. Possibly there has always been "graft" in this city, but it was "petty graft." With a budget of only \$400,000 annually, there is not a great deal of opportunity for pilfering. No reasonable man had a right to expect any great saving in the cost of operation—

and there has been none. But there is cause for disappointment in the fact that the administration has not been more effective in the general management of the city's business, and the most inefficient branch of the public service is what it always is in American cities—the police. The problem of an efficient police department seems insoluble.

My observations lead me to believe that the commission plan is not the final solution of the great problem of municipal government. The commission plan is a long step in advance over the old plan, but it is only a step, and not the goal. We must take a further step. We must abandon the idea that because a man is a successful lawyer, or merchant, he will therefore make a successful municipal administrator. No banker would imagine that because he had succeeded in managing a bank he was fitted to conduct a railway. And yet, when we elect a grocer to manage a city government—of which he probably knows absolutely nothing—we wonder what is wrong with our charter. Municipal administration is a science, requiring experience, and knowledge, and managerial ability, far above that required for an ordinary business. It is perfectly true that not one man in a thousand leaves the mayoralty with as high a reputation as he had in his own business. Under the white light of publicity, he has proved deficient in some essential quality. But we blithely run after some new god, only to find that he, too, proves to have clay feet.

The next step in municipal government, in my opinion, perhaps the true solution, is to develop trained municipal administrators. One plan, already in operation, I believe, in one or two cities, is to elect a city council from the citizens. The members of the council should hold the purse strings, and be the legislative body, but should have no executive duties. The council elects a manager, who has the same control over the administrative side of the government that a manager of a railway has over that side of the railway. He should, of course, be a trained man. If the profession of city administrator were to be developed with us, as it is for instance in Germany, in the course of time a body of experts would arise who would know the science of municipal management. But until we entirely rid ourselves of the prevailing superstition that almost any amateur is constitutionally fitted to conduct that most intricate of all businesses—the city business—and that he is particularly capable

if he has not been especially successful in his private business, it will be vain to search for the panacea, even with a lighted lantern, in this system of government or in that. All will be as sounding brass. Our city schools are managed by an expert educator, called here from the East, and selected from many candidates, because the school board considered this particular gentleman the best fitted for the position of superintendent. Somehow, we do not think that the most successful merchant in town would make an equal success as the head of the public schools. But, of course, it would be a simple task for him to manage a city, including the fire and the police departments, the streets, the public health, the finances, and a few thousand other details of like minor importance.

Let us forthwith rid ourselves of the notion that the machinery of municipal government is the chief defect in our cities. Improve the machinery to your heart's content, but do not forget that it is the man with his hand on the lever who sets your machinery going, and keeps it running. Do not expect your delicate machinery to work smoothly when the engineer never laid eyes on it before the unlucky day that you, by your vote, pitched him from the blessed obscurity of private life, into the cab, and told him that you would recall him even before he reached the end of his short run, if he did not show instantly all the knowledge and qualifications that it would take years of training in public office for him to acquire.

The Colorado Springs form of commission government is perfectly workable. Our officials are honest and conscientious. But the citizens generally feel that the charter has not been of very great benefit. They are disappointed, without knowing exactly why. In the first place, we foolishly expected that the written word would of itself bring the millenium. In the second place, we threw the administration wide open to untrained men. The all-pervading defect in the charter is its entire failure to recognize the fact that the ordinary citizen, called from his vocation on a minute's notice, is as absolutely incapable of administering the affairs of the city as he would be of acting as city attorney, without legal training.

When this all-important truth at last permeates our minds, then, and only then, can we reasonably expect city government to be as efficient and economical as the electric company which furnishes light and power to the citizens.

DEFECTS AND LIMITATIONS OF THE COMMISSION PLAN

BY CHARLES O. HOLLY,
Attorney and Counselor-at-Law, Des Moines, Ia.

Government, in the sense used here, is the first product of organized society. Its only use is found in the protection and enforcement of individual rights. The closer a government keeps to the people, the more nearly it answers the excuse for its existence. The true test of any institution of a governmental character is found in the manner in which it answers to the will of the people. Without question the centuries of the past disclose the fact that centralized government has always resulted in tyranny, and that tyranny and oppression have been the greatest foe with which humanity has ever had to contend. There is a certain hopelessness in the situation of those who have to contend with centralized power. The only relief for the people as a rule is to resist legalized authority, and this they usually have neither the desire nor the power to do. On the other hand, if the government is close to the people so that in a true sense it may be said to be their government, and when it acts it is their action, and when it performs its functions, such performance is by virtue of the wish and desire of the people, then, in such case, if the government is corrupt, the only remedy is for the people to change, not the institution, but the policy of administration. If the people have a government which in a true sense is their government, and they are oppressed, they can remove the evil and will even be improved in character by so doing. The people who have good institutions, ought to be careful how they change them. If new appliances or various legal details of change are to be suggested, let all changes conform to the principles on which democratic institutions are based.

The ascendancy of the commission form of government is explained in this way: During the last ten years there have been much agitation, research and investigation in regard to public affairs. The franchise grabbers have seen their monopolies in danger, and business interests of this class have found a convenient way to save

themselves by attempting to direct the agitation for reform. They have, therefore, resurrected this old, effete institution, and, generally, along with it, they have adopted various other governmental appliances pleasing to the people. Men who never favored the recall, the initiative, the referendum, or non-partisan elections, have suddenly, and without sufficient excuse, become the exponents of the commission form of government, with the recall and initiative features attached. There is nothing inconsistent with American principles in separating municipal government into five departments, in providing for the initiative, referendum and recall, a civil service commission, and non-partisan elections. All of these things may be had without having a commission form of government. The voter, as a rule, looks at the above mentioned features and votes for them, while the franchise grabber is all the time thinking of the centralized power such as is found in the commission form of government.

Out on the plains I once saw hunters place conspicuously a bright colored cloth, and I noticed how eagerly an antelope would come up and watch it, all unmindful that just a little way off were the deadly firearms. The antelope was interested in one thing, the hunter in another. The antelope lost its liberty by a tricky device. The American people may well beware of these inviting legal appliances when accompanied by this tremendous institution of centralization. When a majority of our cities are organized and equipped with this monarchical institution, comprising, as they do, three-fourths of all political power in America, the people may well wonder in what way they are to escape from the snare in which they are entrapped.

Usually, the recall, initiative and referendum, when finally put into law in connection with the commission form of government, are of very little, if any, value. At the time of the adoption of the commission form of government in the City of Des Moines, it was so arranged that, in case it was thought best under the law to recall an official, there was no provision whatever for putting an opposing candidate on the ballot. The city clerk was simply required to put the name of the one to be recalled upon the ballot. If there was no one to oppose the one to be recalled, of course he could not be recalled. Again, the recall petition required the setting out of the facts in regard to the objections against the one to be recalled. Now

it will be difficult to find any two citizens who will exactly agree in regard to such matters. Then, too, it was necessary to get one-fourth of the qualified voters to sign the petition. After it was signed and filed with the city clerk, it was left with such clerk to determine whether the petition itself was sufficient. The clerk was dependent upon the council for his salary, and for his term of office, yet he was expected to find such a petition sufficient for the recall of his master. Even after the clerk had found the petition satisfactory, it was then left to the city council again to pass upon its sufficiency. Thus, the very men who were to be recalled were given the privilege of passing upon the validity of a petition for their own recall. Over in Illinois the recall was to be signed by seventy-five¹ per cent of the qualified voters. The public servant certainly would have to be rather wicked to be recalled under such conditions.

The civil service commission is supposed to be something of a check upon the centralized power found in the city commission, but the city commission appoints the civil service commission, and it must necessarily be more or less under the domination of the appointing power. The result is that the civil service commission, if it acts at all, is in a situation where it is obliged to abide by the wishes of the city commission, and consequently to remain neutral while the commission is building up a political machine. The result is that, in the City of Des Moines, the civil service commission is, and always has been, a mere nullity, the city commission paying little or no attention to it.

Again, the city commission appoints the city attorney and corporation counsel. When legal questions arise the commission asks the opinion of its own attorney, and it often happens that the attorney knows beforehand what kind of an opinion is desired; and then, if the opinion is given in conformity with the desire of council, the council can answer the people that the legal department has so advised, and thereby shift responsibility. The commission has the power to appoint the police judge, and he immediately becomes the servant of the chief of police. If he fails to decide cases according to the wishes of the so-called "safety department," he puts in jeopardy his salary, and stands liable to be dismissed. All these conditions are working out very rapidly in those cities where the commission form of government is being tried.

¹ Later amended to require but fifty-five per cent.—EDITOR.

The commission form of government, as understood in America, gives the commission the power to assess taxes, levy taxes, appoint any and all public officials except the commission and fix their terms of office and their salaries. In the state of Iowa each member of the commission has all the power of the commission itself. This is a delegation of authority and power hitherto unknown in America. It goes without saying that a political machine will be created and established almost at once, upon the inauguration of such a system. Graft, political corruption, and the wasting of our cities' revenues, are as sure to follow as the sun is to rise and set. Of course, as a rule, the commissioners themselves give a powerful endorsement to this system of government. Few men since the days of Numa Pompilius, have been willing to turn down the opportunity to wield great power.

Now, the tendency of the times, intensified by years of bitter experience involving bribery, political corruption, and all sorts of fraud, is to elect officials by popular vote. United States senators and federal judges are in the category, sometime in the future to be elected by the direct vote of the people. There is excellent reason for this, found in deadlocks of the legislatures, the buying of votes, and all kinds of trickery. If we cannot trust the legislature to elect a United States senator, how can we trust the municipal commission to elect the police judge, the city attorney, the assessor, treasurer, and various other officials? If we cannot trust the president of the United States, by and with the consent of the United States senate, to elect federal judges for life, how can we trust a city commission, composed, as it often is in America, of the rabble of American politics, to elect a police judge? If it is thought best to elect United States senators, federal judges, and the president of the United States by popular vote, how is it that in a city, the especial home of democracy, the people should renounce the elective franchise for seventy-five per cent of their public officials, and turn it over to a commission of five? The appointive power is one of the most vicious and dangerous of all political agencies. Very few of the chief magistrates of the nation, during their term of office, have been free from a corrupt use of the appointive power. There are numerous instances in recent history where the appointive power of a president has been used to secure political results, and at the behest of personal ends and aims. If the president of the United

States cannot be trusted with the power to appoint public officials, such appointment being investigated and confirmed or rejected by the senate, what right have we to believe that John Doe, acting as a member of a city commission, will be free from abuse of his power in appointing public officials?

The fact is, the number of elective officials should be extended, not narrowed. The citizen is impartial, or at least he has less temptation than the public official, and he should do his own electing. He knows enough to elect a police judge, city attorney, treasurer, auditor, and the various public officials of the cities. He is ready for self government. The citizen may, and often does, do things that are contrary to his best interests, and frequently does things as the result of prejudice; but if he must bear the sin of bad government, let it be his own government. If our municipalities are corrupt, let the people correct them. It is impossible to improve things by turning the election of most of our city officials over to a select few good people, for the reason that the voter has no power or capacity to select people for public duties much above the average character of the rank and file of our citizenship. Our municipalities ought to be the especial fortress of democracy, and if the ballot box shall fail to elect proper city officials, and it becomes necessary to take their election out of the hands of the people and turn it over to a few, letting them perform these duties on behalf of the people in the city, how much stronger is the reason to take the power out of the hands of the people to elect state and national officials.

The curse of the appointing power was not felt seriously in this country until President Jackson's time. He announced the nefarious policy, "To the victor belongs the spoils." It was at that point in our history that federal patronage, rather than the cogency of reason, or the character of the chief magistrate, became a factor in carrying elections and in enacting laws. Patronage is, and always has been, to a greater or less extent an insidious form of bribery. It means a debauching of the public service; it means extravagance and a wasteful use of money. At the time that President Jackson went into power, the national debt was less than \$50,000.00; the expenses of the government were small. Now we speak of our billion dollar congresses, and we scatter money with a prodigal hand, and carry elections by virtue of money and the appointive power. If presidents make federal patronage a pawn upon the political chess-board,

if offices and dignities are auctioned off by men of station and rank, what is to hinder the commission governing a city, having in its hands like power, from making merchandise out of this capital, developing political machines, and thereby perpetuating themselves in office and wasting the revenues and resources of municipalities?

There is absolutely no question that the commission form of government is a monarchical institution. One peculiar phase of centralization of power has been the attempt, at numerous points in human history, of those interested to deprive the people of all right to participate in the election of any officials except those composing the legislative body. The city council, as formerly organized in the state of Iowa, was considered in its legal essence as being a legislative body, and for years prior to the enactment of the commission form of government, there had been a great dissatisfaction among a select few, with the allowing of the people to elect the police judge, the city attorney, and various other public officials, excepting the city council or legislative body.

In conclusion I can perhaps do no better than to quote Abraham Lincoln's comment in regard to what he deemed to be the theory of those in rebellion against the national government: "It continues to develop that the insurrection is largely, if not exclusively, a war upon the first principle of popular government—the rights of the people. Conclusive evidence of this is found in the most grave and maturely-considered public documents, as well as in the general tone of the insurgents. In these documents, we find the abridgment of the existing right of suffrage, and the denial to the people of all right to participate in the selection of public officers, except the legislative body, boldly advocated, with labored arguments to prove that large control of the people in government is the source of all political evil. Monarchy itself is sometimes hinted at as a possible refuge from the power of the people. In my present situation I could scarcely be justified were I to omit raising a warning voice against this approach of returning despotism."

MUNICIPAL GOVERNMENT ADMINISTERED BY A GENERAL MANAGER—THE STAUNTON PLAN

BY JOHN CROSBY,
President of the Common Council, Staunton, Va.

In order to obtain a more economic and business system of municipal government, a large number of cities have, within the past ten years, adopted the commission plan, with which every person is more or less familiar.

The City of Staunton, Virginia, some three years ago adopted the unique and business method of government by a general manager,¹ whose prototype is found in every large private corporation. As every person is, no doubt, familiar with the cumbersome and expensive operation of municipal government through council committees, it is hardly necessary to dwell on the disadvantage of a system so antiquated, which should have been abolished years ago.

Councilmen as a rule are, or should be, business men, who have their private affairs to look after, which naturally consumes all of their time and attention, and it is not reasonable to presume that they, receiving neither pay nor thanks for anything they may do for the interest of the city, can afford to neglect their private interests to look after the business of the city. Hence, under the old system, the affairs of the city were run by the heads of departments with the assistance of a few councilmen who, in a great many cases, were contractors bidding for city contracts. Not infrequently, also, the heads of departments were men totally unfit for the positions they occupied, who had received their appointments and held their jobs through political or other favored influence. Under the present "Staunton plan" this is all a thing of the past, and the business of the city is conducted on the same general business principles as all large industrial private corporations are conducted.

The constitution of Virginia requires cities to maintain their mayor and council, and in cities of the first class, those having a

¹ See also, in addition to *The Lockport Proposal*, *infra*, the New Mexico Plan discussed in *Commission Government in the West*, *supra*.—EDITOR.

population of ten thousand or more, two branches of the council are required. Therefore, we were unable to abolish the council and adopt a commission form of municipal government. However, as the provisions of section 1038 of the Virginia Code permits the council to establish such offices as may be necessary to properly conduct the city's affairs, the idea of a general manager was conceived and a general manager was elected by the council.

In discussing the merits of this system, I will compare it with that of a private industrial corporation, in order that the "Staunton plan" may be more fully understood and appreciated.

There is this difference between the municipal corporation and the private corporation. The private corporation is a business proposition entirely, while the municipal corporation consists of two distinct branches which do not conflict but work in harmony, the one with the other. By the two branches is meant the legislative and the executive. The executive is also subdivided into two branches. The one consists of the mayor and the courts who have charge of the enforcement of the laws, particularly the penal ordinances. The other, or business branch, is under the control of the general manager who takes the place of council committees, and has full charge and control of all the business of the city, gives bond for the faithful performance of his duty and is responsible to the council. In this article I am discussing the business portion of the executive branch of municipal government.

The "Staunton plan" is a democratic government "for the people and by the people." Neither the people nor the council have surrendered any of their sovereign rights; they have simply created an office known as that of a general manager, a paid employee, who devotes his whole time and attention to the business of the city and who is responsible to the council and the people, instead of intrusting the affairs of the city to the committees of the council. For each councilman thinks that the other members of the committee have more time than he has for looking after the business of the city, and each committeeman is of the same opinion—always willing to let the other fellow do it. As a result, that which is every one's business is no one's business, and the poor old city gets along the best she can to the detriment of the taxpayer in particular and the people in general. Would any private corporation consider for a moment conducting its business through committees com-

posed of stockholders who receive no pay for such service, who have other business affairs to look after, and who would devote only spare moments, so to speak, to the business of the corporation? A corporation run on this plan would hardly produce dividends, neither would its stock be sold at a premium. Now, we have simply done as do the private corporations. We have elected a general manager, a paid employee, to attend to the business of the city and produce dividends for the taxpayer by keeping his taxes down to the minimum rate and by giving him value received for every dollar he pays into the municipal treasury.

The mayor is the official head of the municipality and corresponds to the president of the private corporation. The general manager of a municipality is the executive and business manager, whose duties correspond in every particular with those of the general manager of a private corporation. The council adopts the ordinances, fixes the rate of taxation, and formulates the policy, and the mayor and general manager see that they are carried out. Under our constitution the mayor has entire charge of the police and fire departments. The general manager, however, does all of the purchasing for these departments on a requisition from the chiefs. We retain the finance, ordinances, and auditing committees, as their duties require very little time and attention, and serve as a check on the general manager. At the beginning of the fiscal year, the general manager submits his estimates to the finance committee, showing in detail the needs of the various departments, together with his recommendations. From this report the finance committee makes its recommendation to the council of the amount of taxes to be levied for the fiscal year. The general manager has no authority to fix the rate of taxation or to contract loans on account of the city, but this is all left in the hands of the finance committee and the council, who are the representatives of the people. The ordinance committee, with the assistance of the city attorney, draws up all of the ordinances and puts them in proper legal form to be presented to the council for adoption. The auditing committee passes on all of the accounts of the general manager each month, and makes a report to the council in addition to the regular quarterly report submitted to the council by the general manager.

The general manager is required to make quarterly and annual reports to the council, showing in detail all work done by him. In

the general manager's office is kept a regular set of double entry books, which serve as a complete check on the office of the city treasurer. Both the general manager and the treasurer render monthly balances to the council, and these balances must agree, the one operating as a check against the other. The books in the general manager's office are kept in such a manner that a detailed statement can be had at any time on any account, and are always open for inspection.

There is nothing new in our system; we have simply adopted for the government of our city the business methods of the private corporation. We believe that our system is in many respects better than the commission plan. In Des Moines, for example, a recall was threatened against the commissioner who had charge of the police department. He said he was not to blame for conditions since the other commissioners had, against his will, installed a chief of police who defied him. It seems to me that our system can be adapted and made just as applicable to a large city as to small cities and towns. Of course, in a large city, the general manager would require a large number of subordinates, superintendents, heads of departments, etc., but he would be the central and responsible head. And if adaptable to large cities, why not to counties and states? What would be the saving to taxpayers in the large cities if their business affairs were conducted on the same business principles as are the large private corporations, such as the Standard Oil Company, the United States Steel Corporation, the great railroad corporations and others? This system is not calculated to meet the approval of the political grafter; he prefers the old system as good enough for him.

As we have had this system in operation for more than three years, and passed the experimental state, it will quite naturally be asked, what have been the results? It has not only been a success in every particular, but has produced better results in a shorter time than was anticipated by its most enthusiastic supporters. The people, with few exceptions, are well pleased and would not, under any consideration, return to the old system. The casual observer cannot help noticing the marked improvement in our streets and sidewalks. If the citizens have any business with the city they know exactly whom to go to. They also know where and how every dollar of their taxes is spent, and what the results are. Under the

old system, if a citizen had any business with the city he was sent from one party to another until he frequently became disgusted trying to find the proper party to attend to his case, and gave up all hope of ever being able to transact his business. To be able at all times to know exactly where and how your money is being spent, the cost of each particular piece of work, and the maintenance of each department of the city government, is certainly worth a great deal. This feature of the new system is sufficient to justify the maintenance of the office. I believe that it is the general opinion that under the old system we never did one-half of the improvements that we have been able to do under the new system, particularly in the matter of streets, sidewalks, sewers, and extension of water mains.

Under the old system our bonded debt was largely due to bad business methods. It was the custom to allow free rein to the council committees, and usually wind up at the end of the year with a deficit. This would be repeated each year until the deficit grew to such proportions that it could be no longer carried as a floating debt, and would be taken up with an issue of bonds of the thirty year period kind. Since the adoption of our new plan, generally known as "The Staunton Plan," we have not increased our bonded debt nor raised our tax rate; notwithstanding the fact that two years ago the city voted out the saloon, thereby causing a loss in revenue derived from saloon licenses of \$12,500 per annum. In addition to this loss in revenue, we had the misfortune, within the last year to have two catastrophes, a cave-in and a fire, which caused a loss of about \$40,000. Had it not been for these, over which we had no control, we could this year have reduced our tax rate from ten to fifteen cents on each \$100.00 taxable value.

By reason of the improvements in streets, sidewalks, sewers, water and electric lights, real estate values have increased fully 25 per cent. We have, under the new system, constructed 23,237 lineal feet of macadam street, 3,710 lineal feet of which is surfaced with asphalt binder; 15,083 lineal feet of granolithic sidewalks; 4,925 lineal feet of concrete gutters; 14,301 lineal feet of sewers; 14,789 lineal feet of water mains and 215 water connections, the latter increasing the revenue derived from water rents fully 15 per cent; we have increased the electric light and fire alarm service at least 10 per cent; improved our park, consisting of about

115 acres, 50 per cent; increased our police force, and raised the salaries and wages of a large number of officials and employees whose salaries and wages were small; established the office of city health officer, and increased the appropriation for schools 16 $\frac{2}{3}$ per cent.

By reason of the extension of the corporate limits one year prior to the adoption of our new system, there was added 100 per cent more area, which greatly increased the cost of maintenance of streets and sidewalks, and required the extension of the water mains, electric light, fire alarm, and sewer systems. The amount of money expended in the annexed territory was far in excess of the revenue derived from taxation in that district. Under the order of the Circuit Court in extending the corporate limits, the tax rate was not to be raised from the county rate for five years from the date said order went into effect, thereby causing a loss in revenue to the city of sixty-five cents on the \$100.00 taxable value thereof for five years.

As the accounts under the old system were kept in a general way, without regard to any detail, it is almost impossible, without consuming a great deal of time and labor, to make a comparison of the amount of money expended in the various departments and the results obtained, with that of the new system. I will illustrate this by only one item, that of granolithic paving. Under the old system we were paying from \$1.75 to \$2.25 per square yard for a very inferior grade of granolithic work which was done by contract; under the new system we are doing a much better class of work with hired labor under the supervision of our general manager (who is a practical engineer), for ninety and a half cents per square yard. Under the old system it was frequently found that the same article was purchased at different prices for different departments. Under our new system all supplies are purchased by the general manager in bulk, large quantities of supplies are advertised for and contracts are awarded to the lowest responsible bidder.

Under the old system the responsibility was distributed among the heads of the various departments and there was really no responsible head. Under the new system the responsibility is centered in the general manager. All departments report to him and work in harmony as a unit. Where there is unity there is strength; where there is division there is friction. A city's forces must be

united and work in harmony to make its operations successful and obtain the best results.

In order to adopt this system properly, the council should be abolished, and in lieu thereof, a board of directors elected consisting of five members in cities of fifty thousand and under. In larger cities it would probably be well to increase the number of directors according to the population. One of these should be the mayor. Each director should be paid a salary commensurate with his duties. The board of directors should employ the general manager and give him sufficient authority to properly manage and conduct the business of the city. The general manager should hire and discharge all heads of departments and employees. The heads of departments and employees should be placed under civil service to prevent the general manager from abusing his authority or impairing the service, and at the same time to allow him to secure the most competent employees. That is, the city should be managed and operated in the same business manner as the private corporation.

THE LOCKPORT PROPOSAL

BY F. D. SILVERNAIL,
Consulting Engineer, Lockport, N. Y.

Municipal conditions in the city of Lockport are much the same as in many others which have suffered from the typical ills of American democracy. The city has a population somewhat under 20,000, and has been ruled for years by a triumvirate of bosses. Popular control has been a negligible quantity, and the rule of the self-appointed trio has been anything but one responsive to the will of the people of the city. As a natural consequence of the aloofness of the government, needed improvements have been delayed for years at a stretch, and when actually undertaken, have been executed in a most inefficient and expensive manner. It was these conditions which led the Lockport Board of Trade to become sponsor for the plan of municipal organization which has come to be known as the "Lockport Proposal," which was embodied in a bill introduced into the 1911 session of the New York legislature and supported by the Commission Government Association of New York State.

The "Lockport plan" is built upon the same basic principle as the Des Moines commission government law, but it aims to correct what seem to many to be illogical features of that plan. The commission government movement is based primarily upon the theory of the union of legislative and administrative powers in the hands of a small body of men who are the sole responsible agents of the people. It is a theory, borne out in practice, that this small group of men, because of their conspicuous position, tend to feel a responsibility to their constituents in a degree which virtually restores government to the people. The Des Moines plan, however, does not carry this theory of responsibility to its logical conclusion. The commission of five men are not collectively responsible for the acts of the municipality. Neither are the individual commissioners. At first blush these statements may startle some readers, but note carefully the following hypothetical situation. Let us suppose that the majority of the commission have passed an ordinance providing for the repavement of the main thoroughfare. Let us suppose that

the commissioner of streets and public property was not a member of the majority which passed the resolution, and happens also to be a man of independent ideas. What action can the responsible commission take to force one of its own number to execute its orders? Now suppose another situation: The commissioner of streets is desirous of placing electroliers in the public squares. Public sentiment is clamoring for such action, but on looking over his annual budget, the commissioner finds that it is insufficient to cover this added expense. He applies to the commission for a larger appropriation and they refuse. In that case, who is responsible for the inaction of the city government? Cases of such conflict have actually been brought forward in some of the commission governed cities.

Under the Lockport plan responsibility would be vested in five men, acting always collectively. They would meet with no such difficulty in enforcing their orders as in the case cited, for the party responsible for the actual execution of orders would not be one of their own number but an appointive creature of theirs—the city manager. In short, the Lockport plan is an exact parallel of the organization of a private business corporation, with the city council corresponding to the board of directors and the city manager to the general manager. This city manager is the unique feature of the “Lockport plan.” But while it is a unique proposal in the organization of city governments, it is by no means novel in other forms of organization. Not only have private corporations reached what appears to be their ultimate form in this particular type of organization, but it is the plan which operates in large school systems throughout the United States, in which the superintendent of schools corresponds to the city manager. It is also a very close approximation to the German type of city government, in which the *Burgomeister* is the central administrative agent and the council is the ultimate responsible body, which lays down the policy of the municipality. Of course, the German cities look back upon a totally different set of traditions from the American. Still, the naked question of municipal administration is not one which is concerned with the political genius of a people. Certainly, under the “Lockport proposal,” the voice of the people has just as effective a medium as under the Des Moines plan. And, once we concede this fact, there remains the simple question of best organization.

The "Lockport proposal" looks forward to a time when municipal government will be conducted by real experts. To suppose that popular election in the great majority of cases will secure expert service seems almost fatuous. Even the most educated of our citizens must fail if called upon to choose, let us say, between the technical qualifications of two candidates for a position which requires an engineer's training. On the other hand, an appointive expert could be found to take general charge of the city administration who could select trained assistants under the most favorable conditions. The city manager himself would, supposedly, be a rather high salaried officer and might be taken from any part of the country. There would seem to be in this country ample material from which to choose such an officer. In the event that such a proposal should receive wide adoption, it is easily conceivable that there would arise in the United States a class of municipal experts. The profession would be a most alluring one to men of talent and vision, and it seems hardly too much to suppose that we would come to have a combination of democracy and municipal efficiency which has never before been effected.

The Lockport plan, again, has certain possibilities which seem to place it on a higher level as a democratic instrument than the ordinary commission plan. The latter system has been strongly advocated by "business" interests. Labor, for this reason has frequently looked askance at the movement, and perhaps not always without some just cause. In order to achieve true democracy, every important element in the city should be represented in the council, but if every councilman is to be both a representative of certain class interests and desires, and also a municipal expert, what is labor to gain? Many men who would prove most excellent representatives of labor would fail when confronted with problems of municipal administration. What is a barber, for example, apt to know about the administration of finance? And yet that same barber may be the truest representative and best spokesman of labor in the community. The "Lockport plan" would not embarrass him by requiring him to take charge of a department, but would simply require him to exercise his representative functions on the council.

The salaries which are usually paid under the commission plan are not sufficiently large in all cases to attract real experts. If the

best brains of the community were required simply to pass judgment on policies and leave the execution of those policies to a salaried chief executive, many men of large calibre would be willing to devote to the city's business the small amount of time and energy which such a commissionership would require.

On the whole, then, it seems as though the "Lockport plan" has made a certain contribution to the solution of the twofold problem of municipal government in this country, viz.: that of securing administrative efficiency, which at the same time preserves all the essentials of democracy.

Aside from the features above noted, the Lockport plan embodies the usual minor features of the commission plan, including non-partisan nominations, elections at large, initiative, referendum, recall, etc. One minor feature, however, should be noted viz.: nominations by deposit. Under this plan, the candidate, in lieu of a petition, may put up a deposit of fifty dollars, in order to have his name appear on the ballot. In case he receives fifteen per cent or more of the total vote cast, or turns out to be, in other words, a serious candidate, his deposit is returned. This method is borrowed from the Canadian election law, and is believed to be a wise alternative to the system of nomination by petition.

PART FOUR

*Results of Commission Government
in Typical Cities*

GALVESTON'S COMMISSION PLAN OF CITY GOVERNMENT

BY E. R. CHEESBOROUGH,
Galveston, Texas.

The problem of municipal government is perhaps the most important single question before the American people to-day. It affects us in every phase of our daily life. Through the health, water, fire, police, sewer and other departments, every city government directly affects the health, life and property of every man, woman and child residing within its limits.

The City of Galveston, Texas, has played the scale of city government, and after more than ten years' experience has reached the definite conclusion that it has at least partially solved the problem with its commission plan, a simple and direct administration of the city's business by a mayor-president and four commissioners elected at large. The Galveston plan of city government has attracted wide attention throughout the United States. It has been in force since September 18, 1901, and is therefore no longer an experiment. The commission plan of city government is a very popular subject for debate in many of the universities and colleges of the country. Cities in many states are considering the advisability of substituting the commission plan for the old system of a mayor and board of aldermen. The Galveston plan, in brief, is simply a board of municipal directors composed of five members, a mayor-president and four commissioners, elected at large by the qualified voters of the entire city every two years.

It has been suggested that a proper term for the commission plan would be "Board of Municipal Directors" instead of board of city commissioners, as the term commissioners is somewhat confusing. The city commission is simply a board of directors, elected at large by the qualified voters of the entire city every two years. This board is composed of five practical business men, each fully recognizing the fact that economy and business methods, not politics, should be employed in transacting the business affairs of the city.

The business that is being directed by these five men, as agents for the citizens of Galveston, can be briefly summarized as follows: Furnishing the people with pure wholesome water, adequate sewerage, efficient police and fire protection, well lighted, clean and well paved streets, drainage, sanitation, public hospital for the sick and a careful management of the city finances.

This form of city government recognizes the fact that the city must be administered and looked after as a whole, and that it is not divided into units or wards. It holds the interest and the attention of the citizens and encourages good men to enter the city government. The strongest feature of the commission plan of city government is its perfect simplicity, its directness and in limiting the number of those directly charged with the management of the city's affairs and in the fixing or in the centralization of responsibility. In a strong address delivered at Harvard college, Hon. Elihu Root, one of the greatest lawyers this country has produced, made this striking statement: "I venture to suggest that there are two things to be done of vital importance, both of which require the highest degree of intelligence. One is that for the solution of the complicated questions that are now before us, government should be simplified in the highest degree. And to simplify is the function of learning. The other is that responsibility shall be fixed so that the people may know whom to hold responsible for failures to produce good government. The fixing of responsibility is a matter for the highest intelligence and courage."

Under the commission plan the mismanagement of a department is promptly laid at the door of the neglectful commissioner, not only by the general public, but by the mayor-president and the other members of the board. This knowledge of personal responsibility and watchfulness causes each commissioner to take a personal interest and to feel a special pride in the proper management of his department, realizing as he must that the merit as well as defects are easily recognized by his associates, as well as by the public generally. The mayor and commissioners are directors in the full meaning of the term. The detail work is done by the superintendents, heads of departments and clerks.

The business of the city is divided into four departments, each department being under the charge and direction of a commissioner. These four commissioners and the mayor, collectively, constitute

what is termed the "Board of Commissioners of the City of Galveston." The mayor is the president of the board and the executive head of the city government. He has all of the rights, powers and duties conferred upon the office of mayor by the constitution and laws of the state, has the right to vote upon all questions, but has no veto power. Majority rule always prevails.

The commissioners at the first meeting after their election or as soon thereafter as possible, by a majority vote, designate from among their members one "commissioner of finance and revenue," and under his direction is placed the offices of the city assessor and collector, the city treasurer and city auditor. He is also charged with the duty of examining into and keeping informed as to the finances of the city, and with the advice and assistance of the other members of the board he prepares the annual budget of the city. Great care is exercised in preparing the city budget and it is never exceeded in expenditures.

Another commissioner is designated "commissioner of water works and sewerage." He has under his special charge the construction, maintenance and operation of the water works and sewer systems departments. The superintendents of these two departments and the joint secretary and all employees are under the direction of this commissioner.

Another commissioner is designated "commissioner of streets and public property." He has under his special charge the supervision of all matters relating to the streets, alleys and property belonging to the city, and is charged with the duty of lighting the streets, looking after street cleaning and sanitation, the supervision of street paving, construction of drains, and seeing that the conditions of the grant of public franchises are complied with.

The city engineer and his assistants, city health physician, superintendent of drays, health inspectors, city sexton, sidewalk inspector and all employees in these departments are under the direction of this commissioner. Bids must be advertised for in every instance where the expenditure exceeds \$500 and no bonds can be issued without a favorable vote of the taxpayers.

The other, and fourth commissioner, is designated "police and fire commissioner." He has under his special charge the enforcement of all police regulations and the general supervision over the police and fire departments. The chief of police, police officers,

chief of fire department and firemen and the judge and clerk of the corporation court are under the direction of this commissioner.

The city secretary and city attorney are officers with which the mayor-president is closely associated and are usually nominated by him. All officers and employees are nominated by the commissioners in charge of the respective departments and are elected by a majority vote of the entire board.

The mayor or any commissioner can be removed from office for official misconduct, drunkenness or incompetency upon a proved charge made before a district judge.

The city charter requires that the board shall meet in regular session at least once every week. These meetings take place every Thursday afternoon at six o'clock. These meetings are conducted in a dignified, business-like manner, and are free from wrangling, disputes and confusion. The commissioners sit around a directors' table, the mayor presiding. The city attorney and the heads of the various departments are required by the city charter to attend all meetings of the board. But little speech-making is indulged in, and the presence of idle spectators is an exception rather than the rule. Business is transacted promptly, but without any undue haste. All important matters are discussed and differences adjusted in conference. The city attorney has great influence with the commissioners, and his advice is freely sought. "Too many cooks spoil the broth," is an old saying, which can well be applied to a board of twelve or sixteen aldermen. In Galveston it has been clearly proved that four commissioners and a mayor, or a president, can transact the business of sixteen aldermen and a mayor, and do it better, more expeditiously and with greater harmony.

What the present board has accomplished for the city, under the most adverse circumstances, has indeed been wonderful. They first secured and paid for the services of a board of three eminent engineers, composed of General Henry M. Robert, U. S. A., retired; Alfred Noble, and H. C. Ripley. This board prepared the plans for raising the grade of the city and the building of the great sea wall. The commissioners also removed all of the old political employees and engaged the services of capable men in their places. The city hall and water works pumping station were rebuilt with current funds, and the fire stations repaired. All floating indebtedness inherited from the old city government was paid and the city

placed on a cash basis. The interest on the bonded indebtedness, for five years, with the consent of the bondholders, was reduced from five to two and a half per cent, and this benefit was given to the taxpayers. The improvements made by the city government under the commission plan from the date of its inauguration, September 18, 1901, up to January 1, 1911, can be best understood by glancing at the following figures, furnished by the city auditor:

Raising the grade of the city	\$2,000,000.00
Additional gulf front protective improvements	179,388.65
Additional grade raising West End	176,327.76
Water works improvements	312,242.11
Brick paving in streets	237,902.36
Drainage	319,651.63
Sewer extensions	290,231.04
Rock and shelled streets	279,647.77
Addition to electric light plant	37,459.76
Total improvements	\$3,832,851.08

Of these improvements \$2,759,170.88 were paid for in bonds and \$1,073,680.20 were paid for out of the general revenue of the city. The city has also paid out of its general revenue \$200,000 floating indebtedness. Exclusive of the bonds issued for grade raising and school purposes, the board of city commissioners have issued the following bonds:

For paving, drainage and shelling	\$300,000.00
Additional gulf front protection	225,000.00
Filling north of Broadway and west of Thirty-third	78,270.88
Balance sewer bonds on hand when commission took over the city government	227,400.00
Total	\$830,670.88
Less bonds now on hand and unsold	71,500.00
Total net	\$759,170.88

The duplicate water main bonds for \$100,000 have not yet been issued. The total amount of bonds paid off and destroyed by the board of city commissioners, including \$550,000 of the grade-raising bonds retired with state donation funds, is \$1,124,336.62. There were also destroyed \$620,663.38 in bonds left in various funds from the mayor-aldermen administration.

It might also be of interest to mention that the city has collected from vehicle licenses \$67,102, which has been devoted exclusively to street improvements; also collected interest on bank balances, \$79,290.01, and interest on back taxes, \$59,161.29. The city has also paid off a number of old judgments, inherited from former administrations, aggregating \$18,026.65, and has purchased new fire engines and other equipment. The city collects interest on bank balances from bonded depositories; collects a special vehicle tax, which goes to the street improvement fund; enforces sewer connections; has metered the city's water service; has cleared the sidewalks of fruit stands and other obstructions, which have occupied them for years; has prosecuted to a finish all outstanding lawsuits; collects taxes promptly; has destroyed the policy evil and public gambling and adopted an ordinance districting barrooms out of the residence section. The city has financed the raising of the grade of the city. The elevating and raising of the 2,156 buildings was paid for by the owners. The county of Galveston has financed the building of the sea wall, the construction of the beautiful gulf front brick driveway and cement sidewalk three and a half miles long. The county, jointly with the railroads entering this city, are financing the splendid causeway now being completed, connecting the island with the mainland. The sea wall and causeway each cost \$1,500,000. The sea wall and grade raising have rendered Galveston absolutely safe from serious damage from the most violent storm that could possibly occur.

In securing the services of heads of departments and employees the commissioners have completely ignored political influence. Capacity and fitness alone have been considered. Each commissioner has taken a deep personal interest and a pride in the success of his department.

The present commission is made up as follows: Lewis Fisher, mayor-president; I. H. Kempner, commissioner of finance and revenue; H. C. Lange, commissioner of water works and sewerage; V. E. Austin, commissioner of streets and public property; A. P. Norman, police and fire commissioner. With the exception of the present mayor-president, all of the commissioners have served from the very first, having been returned to office at each of six elections. They all own their homes. Galveston's first mayor, under the commission plan, was Judge Wm. T. Austin, an enterprising, intelli-

gent and thoroughly patriotic citizen. After serving for a little more than four years, he died on November 6, 1905. Mr. H. A. Landes, a retired merchant, and one of the city's oldest and most honored citizens, succeeded Judge Austin and held the office until May, 1909, when he was succeeded by Judge Fisher. Judge Fisher's first public office was that of county attorney, next county judge, and later district judge. He resigned the last mentioned office after his election as mayor-president. Mr. Kempner is a financier of splendid ability. He is the head of a large cotton commission firm, is president of a prominent bank, president of a wholesale shoe and hat company, and is president of the Galveston Cotton Exchange. Mr. Lange is the head of a large wholesale grocery firm. Mr. Austin is in the real estate business, and Mr. Norman an insurance agent and stock broker. The mayor-president receives a salary of \$2,000 per annum and each of the commissioners \$1,200 per annum. All of these officials were re-elected for two additional years on May 9, 1911.

The salaries paid to the heads of city departments are as follows:

Assessor and collector	\$1,800.00
Chief of fire department	1,800.00
Assistant chief of fire department	1,200.00
Secretary water works and sewer departments	1,500.00
Health physician	1,500.00
City secretary	1,500.00
City auditor	1,500.00
Chief of police	1,500.00
City engineer	1,500.00
Assistant city engineer	1,080.00
Judge of city court	1,200.00
City treasurer	1,200.00
Harbor master	1,000.00
City attorney	1,200.00
City sexton	1,000.00

The city also has a large number of employees on its pay rolls, receiving \$1,000 per annum and less. The city attorney and city engineer are the only employees of the city receiving fees. No extravagant salaries are paid by the city; there is not an overpaid man on the pay rolls, and all seem well satisfied. The city's system of bookkeeping and accounting is in keeping with the commission

plan itself. No city in America has a better system. The city hall is a business office and not a loafing place for politicians. The press of the city publish in detail all that transpires at the weekly meetings of the city board, which is very helpful from an educational standpoint.

The city owns its own water works, costing more than a million and a half dollars, also owns its own sewer plant, as well as electric light plant. All three give general satisfaction. The city also maintains a very efficient and well equipped fire department.

There can be no question about the wisdom and the propriety of cities in adopting the commission plan framing their charters to suit local conditions. There are some so-called improvements, however, which the writer believes decidedly injurious, the most serious of which is the proviso requiring that the mayor and commissioners must give their entire time to the business of the city. This sounds well and at first is catchy, but serious reflection will show it to be very unwise. A successful business man, the kind we should place in charge of the business of our city, will at once lose his identity and standing in the business world, when he accepts office upon such terms, and this fact will prevent men of breadth and personal success from being secured; in fact, their services will be actually prohibited by such a provision being placed in the city charter. To apply such a provision to the Galveston charter would absolutely deprive this city of the services of every member of the present board.

The recall feature, especially where the percentage is low, and there is a cosmopolitan population, is a two-edged sword and subject to improper use, and is more of an injury to the commission plan than a benefit. This was proved in the City of Fort Worth, where an attempt was made, through petition, to force the police commissioner to stand for re-election by an element that he had offended through the performance of his sworn duty. The state statute contains ample provision for the removal of incompetent or corrupt public officials. The recall is not necessary and only tends to complicate. Business men will not hold public office where they are liable to be called upon to go through one or more extra campaigns during a single term. It is very difficult at best to induce competent business men to run for office. O. B. Colquitt, governor of Texas, vetoed the Texarkana City charter on February 21, 1911,

because it contained the initiative, referendum, and recall features. His message to the legislature condemning these features was a strong and able document. He declared that ours is a representative republic, not a simple democracy. Under the provisions of the recall a condition could be created which would be worse than the despotism of a single ruler. Good municipal government is a question of very great importance, and one which deserves the best attention of ripe statesmanship, but it will not avail much to adopt every new fad suggested as a balm for municipal sores and mismanagement.

Galveston is an independent school district. The school board is composed of seven trustees, the very best men in our city, who are elected by a direct vote of the people at special elections, three one year and four the next. The office pays no salary. The city government makes the tax levy and collects the taxes, turning the money over to the school treasurer, but it has no other connection with the schools. The separation of the schools from the city government was a wise measure, with the result that politics with all of its disturbing influences has been kept out of their management and administration. Besides being economical and progressive, our school system is looked upon as a model throughout the state.

Mr. Macfarland, president of the appointive board of commissioners for the City of Washington, says that "the great danger to the elective commission form of government is that while at first it would be non-partisan, after a while the inevitable effects of partisan politics may appear and it will lose its high character. The ideal system is one under which the citizens treat all municipal matters as public business and not political business, and that is not possible for any great length of time where they are divided into political parties by their opinions which have nothing to do with municipal business, and only confuse public opinion." On this subject former President Roosevelt says: "The lines upon which national parties divide have no necessary connection with the business of the city. Such connections open the way to countless schemes of public plunder and civic corruption." The truth of both these statements is well recognized in Galveston, and if the high standard of our city government is to be maintained this peril must be avoided in the future as it has been in the past.

The commission plan of city government is not a panacea for all

municipal ills, neither is it an insurance against bad government. It is an improvement, it is a magnificent success, but it does not relieve the people from the responsibilities of self-government. The problem of municipal government after all is the problem of good citizenship. If the citizens take no interest in their municipal government and have no feeling of patriotism or pride in its success, the commission plan, or for that matter any other plan, will prove a failure. It must be remembered that, with a commission or any other plan of government, the question of men and citizenship is highly important. No plan ever devised will successfully run itself. Patient labor, personal sacrifice and self-denial is the price of good government. If the people and the public press demand a high class of public servants and will pay the price, they will get them, but if civic pride among the people runs low and but little interest is taken in municipal affairs, a poor assortment of officeholders is bound to result.

RESULTS OF COMMISSION GOVERNMENT IN HOUSTON, TEXAS

BY JEROME H. FARBAR,

Director of Publicity, Chamber of Commerce, Houston, Texas.

With the dedication this year of a new \$400,000 municipal auditorium of steel and concrete, built out of the general revenues of the city without one cent of graft; the voting of \$1,250,000 bonds for use in deepening and straightening the Houston Ship Channel, and the simultaneous issue of \$500,000 bonds for the construction of the Main street concrete viaduct, bringing in closer communication the south and north ends of the city, the people of Houston are appreciating the great benefits made possible through the inauguration, five and a half years ago, of the commission form of government and its successful administration through the trials of the change, and the supreme test it stood when it took hold of city affairs in 1905, shouldering a floating indebtedness of \$400,000. To-day the commission form of municipal government in Houston has stood the test supreme. Without it, and with the old aldermanic system again in sway, Houston would step backward from the front of the line of progress she is to-day leading in the South. The commission form is the old democratic idea of fairness in a "government by, of and for the people," and is administered without the "recall," but contains the progressive referendum issue, which makes it incumbent upon the commissioners to call a special election on any matter if the election is petitioned for by 500 qualified voters.

Under the charter secured from the legislature of Texas the commission plan was founded in Houston on a basis of a mayor and four commissioners. The election occurred June 27, 1905. The mayor and commissioners are elected by the qualified voters, each commissioner representing the whole city instead of a ward, and not one section at the expense of the other. Other heads of departments are appointed by the mayor, the controller being the only office to be confirmed by the council. Assistants and employees are selected by the heads of departments, and are subject to dismissal whenever their services are not satisfactory, just as in a

private concern. Heads of departments may be dismissed by the mayor, while the commissioners, as well as the mayor, may be impeached by a majority vote of all commissioners elected. Thus, the administration of a city is placed on a business basis. As in the directorate of a corporation, its officers can be removed by a majority vote, while all department heads are responsible to the chief and the various employees responsible to the department head and the mayor. The mayor receives \$4,000 per year and the commissioners \$2,400 each per annum. All devote their entire time to the city service.

Inaugurated in July, 1905, the present government found a floating debt of over \$400,000 and an empty treasury. The city virtually had no credit. There was not a single merchant who desired to transact any business with the local government. Gloomy as the prospect was, the authorities went about their task with a determination to better conditions. Useless and expensive offices were abolished and some consolidated. A national bank was made treasurer of the city, allowing a salary of only \$50 per month for clerk hire, and the bank to pay interest on all balances to the credit of the city. The city attorney was instructed to institute and file suits for delinquent taxes. This caused to flow into the city treasury from this source alone nearly \$100,000 in eight months. By the strictest economy, the administration redeemed, in the first eight months of the term, \$306,202.47 of the old floating debt, besides paying promptly the monthly bills, and the salaries of the employees.

By this time the merchants of the city were anxious to do business with the city government, and credit was restored at home and abroad. In the five and a half years of commission rule, the city of Houston has wiped out all floating debts and has given to the taxpayers out of the treasury, without the issuance of a single bond, the following permanent improvements:

City attorney, Law Library	\$974.10
Assessor and collector, block book system	10,000.00
City Hall, furniture and fixtures	1,123.67
Police department	4,096.03
Fire department, buildings and equipment	66,150.45
Electrical department	26,551.21
Parks	52,007.53
Health department	6,168.26
Streets and bridges	65,714.10

Results of Commission Government in Houston, Texas 233

Asphalt plant	\$3,000.00
Auditorium	332,276.02
Ship channel	98,027.40
Sewers	85,212.18
Paving streets	179,261.96
Water department, extension of mains and improvements.....	247,932.02
Wharves and slips	33,109.89
School buildings	340,323.65

Total improvements	\$1,865,757.17
--------------------------	----------------

EXTRAORDINARY EXPENSES

Storrie certificates	73,300.00
Refund paving certificates	120,308.70
Sinking fund	120,220.00

Making a grand total	\$2,179,585.87
----------------------------	----------------

While these improvements were going on the tax rate has been reduced 30 cents on the \$100.

During the five and a half years of the life of the commission form in Houston, no commissioner has ever made a speech during a council session or addressed the council. The business of the city is conducted daily like that of any business concern, heads of departments meeting and consulting the mayor, the head of the corporation, and committees, made up of the heads of departments, transacting business daily. When the commissioners meet in public session each Monday afternoon, it is merely to legalize and make a record of their weekly business transactions. The length of the public meetings ranges from five to fifteen minutes.

In the inauguration of the commission form, wards were abolished. Four commissioners and the mayor took the places of twelve ward aldermen and the mayor. These four commissioners, with the mayor, constitute the legislative department of the city government. The executive power is vested in the mayor. But by ordinance a large portion of the executive and administrative power is sub-divided into different departments. A committee is placed over each department. One of the four commissioners, nominated by the mayor, is active chairman. The mayor and four commissioners are members of each committee. The active chairman practically has control of the affairs of his department, unless his views upon the matter are overruled by the whole committee; but, by the organization of the committees, the active chairman does

his work to a certain extent under the supervisory direction of the mayor, who is, in the last analysis, the head of each committee and the person in whom the executive power ultimately rests.

In brief, the benefits accruing under the commission form of government may be summarized as follows: The floating indebtedness of \$400,000 was wiped out in less than a year. The plan has enabled the present administration, without a bond issue, to erect three excellent brick school buildings at a cost of \$125,000; to build six miles of paving; to expend \$60,000 for public parks and to appropriate \$50,000 for the Houston Ship Channel, exclusive of the recent \$1,250,000 voted therefor by the people of Houston. It has made possible the erection of a \$400,000 municipal auditorium out of the general revenues of the city without one cent of graft. The auditorium seats 7,000 persons and is the finest convention hall in the South. It has cleaned out the gambling houses; abolished variety theatres; discontinued the racing pool rooms, and closed the saloons after 12 o'clock midnight and all day Sunday. There has been adopted a system of block books for the tax department, which enables the board of appraisers to locate the owner of every tract of land in the city and collect the assessment. It has made possible the appropriation annually of a sum exceeding \$500,000 out of the general revenues for public improvements. The commissioners have purchased the city water plant, increased the cost of operation and, within one year, showed earnings of \$10,575.35 without increasing the cost of consumption to the consumer.

Departments operating at losses under the old aldermanic form show profitable return under the new form. For instance, one department, in 1902, cost \$15,986.60 in operating, while the revenues were \$15,172, showing a net loss of \$814. For the year ending 1907, under the commission form of government, the same department was operated at a cost of \$11,074.81 while the gross earnings were \$16,692.75, showing a net earning of \$5,601.19. Matters for adjustment are taken up with the mayor direct, a department head is called in, and the matter settled within an hour. Before, it necessitated a petition to a council, the discussion on the floor, reference to a committee, and final action again in the council chamber. With the exception of the commissioners and controller, every employee may be discharged at a moment's notice by the mayor. What is the result? A harmonious, systematic corps of employees performing

their duties. Each and everyone works for the interests of the city. They know if they do not there is someone who will fill their places. Politics is obliterated from the public schools. The school board is nominated by the mayor and confirmed by the council. They, in turn, select a school superintendent. The teachers are selected for their fitness. No commissioner can even suggest the name of a teacher to the board.

No franchise is granted for a term longer than thirty years. If, at any time within thirty days of its passage, a petition signed by 500 voters is presented, then such a franchise must be submitted to a vote of the people. All franchises are read at three meetings of the council. The charter reserves the right to the city to regulate the rates of all public service corporations. The street railway company, telephone company and other public service corporations pay 1 per cent of their annual income into the city treasury.

In five years under the commission form, the assessed valuation of property in the city of Houston has increased from \$37,000,000 to \$77,000,000, over one-half of which is in building. In these five years the city has increased in population forty per cent. Miles of pavements and sewers, both sanitary and storm, have been constructed. The progress of Houston under commission government is an inspiration. In two years the government was transformed from one threatened with a receivership to one on a cash basis with a half million to spend annually in improvements.

THE COMMISSION AS IT OPERATES IN AUSTIN, TEXAS

BY HON. A. P. WOOLDRIDGE,
Mayor and Superintendent of Public Affairs, Austin, Texas.

I think I may say with perfect confidence that the overwhelming proportion of our people is well satisfied with the operation of the commission form of government in this city, during the two and a third years, about, of its history. The affairs of the city government, I feel warranted in saying, are dispatched with more promptness, more efficiency, and more economy than ever before in its history.

It may be worth while to instance the operation of this form of government as it works with us. We combine in one body the legislative and administrative powers of a city government. The legislative part of our work, while important is very inconsiderable in bulk. Nine-tenths of our work is executive.

Each commissioner realizes his responsibility for the work of his department and, as a consequence, does his best. The public knows definitely who is responsible for the city's affairs in its several departments and holds the commissioners accordingly.

Under the operation of a short ballot, we have been able to induce a number of our very best men to run for office. They practically put in their whole time in charge of the city's affairs, and each is becoming an expert in his particular department. They are assigned to departments according to their adaptability to the work of their special department.

While each commissioner administers the affairs of his special department without interference from the others, we constantly have conferences about important matters affecting the general good of the whole town. We often have as many as two or three short meetings a day, and habitually have two important meetings each week.

The principal opposition encountered by us has come from two sources: (1) Certain of the "outs" who would like to be in office again for the honor and emolument of place. (2) Some of the

largest taxpayers who do not like, apparently, to be required to do as others do and who want to dominate local affairs.

Under the commission form of government, with good men offering, and only if good men offer, political bosses do not have much show, and they are beginning to realize that fact.

This is a small city. Our population by the census of 1910 is 29,860. Among the things accomplished by us during the first two years of our administration, was an increase of assessed values in the amount of \$5,019,357. By the end of the year 1910, we had paid off overdrafts, partly inherited and partly incurred during the first part of our administration, in the amount of \$31,529.37. We also redeemed \$29,000 of our (non-due) bonds, and had, at the end of last year, \$93,432.57 surplus funds on hand and no kind of floating debt. In fact, we paid in 1910 thirteen months' liabilities in twelve months' time. We reduced the tax rate twenty-four cents on each \$100 of valuation in our first two years of administration.

All the city's money is at interest. Since May of the present year we have been getting interest for it at the rate of six and one-fiftieth per cent. Thus far we have collected for the nine months of this year \$6,272.15 in interest on city money.

I think I may say that there is active work going on in all branches of the city government, and I feel I can be justified in saying that it is characterized by absolute integrity, good efficiency, and sensible economy. We do not spend less than our predecessors under the old aldermanic form spent, but we believe we make the dollar go much further and with better results.

WHAT GOVERNMENT BY COMMISSION HAS ACCOMPLISHED IN DES MOINES

BY JOHN J. HAMILTON,

Author of "Government by Commission; or, The Dethronement of the City Boss."

Good government has become a matter of course in Des Moines since the first commission took charge of the city's affairs in April, 1908; and the unpleasant memories of the old regime are already fading into forgetfulness, though not yet gilded with the radiance which often brightens disagreeable events long after they have happened.

The keynote of the old order was the phrase, "divisive strife," coined by the publisher of one of the Des Moines newspapers to describe the perpetual wrangling, usually without results, which attended the consideration of municipal questions. In the new administration, the dominant note is harmony. The community acts as a unit on all large matters; and this accord is seen in equal measure in the minor details of city business. There is much discussion, and sharp differences of opinion arise; but the affairs of the city receive such prompt attention that divisions among the citizens do not, as formerly, become chronic or degenerate into futile and senseless factionism. Democracy is necessarily a noisy type of government, but commission government in Des Moines has demonstrated that it does not necessarily behave itself unseemly.

A somewhat elementary description of the styles of municipal management before and since 1908, will perhaps best serve my purpose of showing by contrast what has been accomplished by abolishing the mayor-and-council form and substituting government by a commission of five members. This will probably convince the reader that most of the features of bad municipal administration in Des Moines were typical of unsuccessful city government as it has long existed in American cities generally.

There were and are two townships and seven wards in the city;

and the wards were sub-divided into from three to five voting precincts each. The townships are separated by the Des Moines river, which flows south through the most densely populated parts of the city. The ward lines run north and south, parallel with the river; and four of the wards are on the west and three on the east side. The precinct lines generally run east and west. The number of precincts has been considerably increased since the change of administration, for convenience in voting. All of these divisions and subdivisions were tremendously important before the form of government was changed; but this factitious importance, arising from local jealousies cultivated by the old city hall "machine," has almost entirely disappeared.

Des Moines is a state capital, with the proneness to what is familiarly called "politics," characteristic of political centers; and the tendency to play the game of politics for a living—the bane of public life in this country—was especially strong on the east side, where the state house is located. The east township, Lee, always acted unitedly in conventions and usually in primary elections; and in both political and administrative affairs, was successfully played against a divided west side, where most of the business men and so-called "silk stocking" element reside and do business. It became an axiom in local affairs that this successfully manipulated section must be conciliated before any important local enterprise could be put through. If a bridge, viaduct, or public building was needed, the necessary expenditure could be approved only by an agreement that a like amount should be appropriated for the east side, whether needed or not. This was only one of many sorts of "log-rolling" which attended the preparation of budgets and other transactions calling for public funds. Wards and precincts, severally and in combination, contested for appropriations in a continual strife in which the interests of the community as a whole were scarcely considered and often not even mentioned.

The townships, wards and precincts were, with few exceptions, controlled by professional politicians. In electing ward aldermen, local or precinct candidates, representing either some demand for an appropriation or a popular desire for reform, were brought out by the machine or its opponents; and delegates were chosen in caucuses or primary elections and usually instructed to support these candidates in ward conventions. When reform movements

were general and earnest, three or four of the seven wards and one or both of the townships would nominate and elect men of good character and ability; and at long intervals men of such standing were able to dominate the council and check the prevailing tendencies to wastefulness and betrayal of the public interests. In times of popular indifference, the instructed delegations were, after fruitlessly balloting for the candidates they supposed themselves to represent, manipulated or cowed into compromising on the nomination of men previously selected by the political leaders because of their servility to selfish interests, political or commercial. Good councils were exceptional; and the best men who served in them usually retired at the end of the first term, disgusted and disheartened by the failure of their efforts to improve administration. There were not many councils that were regarded by the public as distinctly bad; but results were much the same whether the majority were aggressively opposed to good government or composed in part of respectable men of good instincts but low powers of resistance.

The popular demand for better things usually expressed itself when strongest, in the election of a mayor pledged to reform policies; and the vetoes interposed by such officials sometimes accomplished results negatively good; but the refusal of council after council to confirm appointments to the board of public works and other boards and commissions, unless dictated by the worst elements, frustrated the efforts of more than one mayor to put the administration on a basis of efficiency.

The most fundamental defect of the system was its failure to establish and locate responsibility. There was continual conflict of authority, and public work was subjected to vexatious and unreasonable delays. Even after the establishment of a civil service commission, pledged by law and oath to maintain a merit system, the office of mayor was one of the pawns in the game of state and federal politics; the rival candidates for congress often putting their respective partisans forward as aspirants for the mayoralty as the first step in securing control of the city, county, and district.

Despite laws prohibiting members of the council from being interested in city contracts for labor and materials, contractors got themselves elected to that body and were more than suspected of violating or evading such prohibitions. Employment of contractors, who were aldermen, by the public service corporations of the city

became a scandal. Work done by contract for the city was badly done, specifications ignored, and inspection of materials and construction reduced to a farce. The streets were dirty, the alleys unspeakably filthy, and sanitary measures were but half enforced. Padded payrolls and fictitious bills were becoming painfully frequent. Taxes were steadily increasing, but the city floundered along without a system of accounts which would show the state of its finances; and the inevitable result was annual deficits covered by the issue of warrants, often sold at a discount; and periodical additions to the city's bonded debt. There was a steady multiplication, through state laws and municipal ordinances, of taxing bodies, which acted without communication or coherence of plan.

The defective character of the municipal organization as an agency for the transaction of business was shown by countless cases of neglect to take ordinary precautions in purchasing ground or materials certain to be needed. A steel bridge erected across the Des Moines river was for years left high in the air at both ends because the city had failed to purchase land for the approaches and, naturally, could not agree with the owners afterwards. The voting of extras to contractors in many cases neutralized the benefits which might have resulted from competition in bidding for the work.

Morally, the city administration was at a low ebb. The laws against gambling and prostitution were, under many administrations, openly ignored and offenses against them compounded by the acceptance of periodical fines, supplemented, it was well known, by gratuities to members of the city hall "gang;" with the usual accompaniments of straw bonds and failure to collect them when forfeited. Gross favoritism in the enforcement of the city ordinances on many subjects was practiced. Constant suspicion and frequent scandal attended the relations of the city to the public service corporations.

It was to a community which for the life of a generation had, with admirable tenacity and almost incredibly surviving hope, struggled against an insolent and domineering cabal, perpetrating and defending such misgovernment and ruthlessly violating election laws in perpetuating its power, that the commission form of government, first exemplified at Galveston, brought deliverance. The emancipation which came with the new type of municipal organization, was, therefore, most heartily welcomed. There has never been a moment when the people of Des Moines would have entertained a proposal

to go back to the old system. So thoroughly was the new charter digested and its provisions adjusted to the peculiar needs of the city that it is doubtful whether any material amendments could command popular support, after full consideration, such as the voters of Des Moines have been trained to give to municipal questions.

The immediate educational benefits to the electorate, and, indeed, to the entire community, were very great. The active movement for the change covered a period of nineteen months, from November, 1905, to June, 1907; and the two municipal elections which have since occurred and the continuous process of self-government under a really democratic system have maintained the interest of the people in their city government at a high point, without the periods of indifference and disgust which used to come between spasmodic efforts at reform. Prior to the inauguration of the first administration in 1908, the charter movement had passed through six stages, as follows: 1. Investigation of the Galveston charter; drafting of a similar plan of government for Des Moines, and its submission to, and defeat by, the Iowa legislature. 2. A protracted campaign of education by the Des Moines press. 3. A public debate between advocates of the Galveston and Indianapolis plans, resulting in an agreement among friends of all proposals to unite upon the Galveston system as a basis; and preparation, by a committee of five lawyers, of the charter substantially as adopted and known as "the Des Moines plan." 4. A prolonged, but finally successful effort to secure the enactment of the charter law by another legislature. 5. A bitterly contested special election resulting in the adoption of the charter by the people of the city by a large majority. 6. The election of the first commission to take over and conduct the city administration.

At every one of these stages, the condition of the city's affairs and the old and new methods of administering them, were thoroughly considered and discussed by the newspapers, by committees of citizens, by women's clubs, and by the general body of voters. The fullest and clearest light was thrown upon every phase of municipal activity. The qualifications of candidates, when the time came for the first primary and election, were discussed with frankness and decency. Throughout the entire period, the whole question, in all its phases, was distinctly in the public mind. This, in itself, was an unmixed good.

The unification of the city was the first large benefit accruing from the change. Wards which had persistently kept representatives in the council chamber whose presence there was an offense to the community, at once lost their power to perpetuate that injury to the common interests. They retained their proportionate voice and influence in selecting members of the council—now composed of five commissioners—but were compelled to accept the judgment of the entire city as to each place to be filled. Several "Bathhouse Johns" and "Hinky Dinks" were thus automatically eliminated from the governing body. Whatever may be said about the personnel of the two councils elected under the new plan, the members have all been the deliberate choice of all Des Moines. Every question decided, either directly, through the referendum, or indirectly, in the selection of commissioners, has been passed upon by Des Moines as one city.

The spirit of harmony resulting from thus making the city one organic whole has extended to every phase of the local life. Public spirit was wonderfully revived and the commercial and industrial activities of the city increased and brought results as never before. Many large undertakings, previously impracticable because of local jealousies, such as the building of a viaduct, the erection of a great convention hall, and the raising of large funds for buildings for the Young Men's and Young Women's Christian Associations, were carried through with enthusiasm.

Directly responsible administration, made not only possible but inevitable through the very framework of the new government, showed immediate results in the prompt transaction of all city business, doing away with the dissatisfaction arising from procrastination. Even if public work had not been better done, this change, of itself, would have justified the abandonment of the old methods; but the public work was better done in every department. The introduction of modern bookkeeping, and the full publicity made effective thereby, as well as required by the provisions of the charter, acted powerfully as a corrective of municipal abuses. Scandals ceased in the police department, or were exposed and ended with crushing effectiveness. The social evil was dealt with in thorough-going fashion; and the scandal of a segregated vice district, periodical fines, straw bonds, and oppression and exploitation of fallen women were done away with. Work done by the

employees of the city was well done and contract work held strictly up to specifications. The payment of "extras" was discontinued. Payrolls were purged and sinecures abolished. The streets and alleys were effectively cleaned. A beautiful civic center on the river front was, without agitation or opposition, established. Cash discounts were taken on city purchases and interest collected on balances in the banks. Friendly, but business-like and mutually self-respecting relations with the public service corporations were maintained. Municipal elections were conducted quietly, decently, with little expenditure of money, and without the fraudulent registration, ballot-box stuffing, and other criminal and corrupt practices prevalent under the old regime. The city, for the first time in years, lived within its income. Taxes were reduced but little; but, inasmuch as far more was accomplished, better materials used, work more honestly done, and the piling up of city indebtedness for current expenses stopped, the actual result was equivalent to a heavy reduction. The public, being in full control of the situation at all times through the initiative, referendum, and recall, assumed a more reasonable and tolerant attitude toward the city authorities. The habit of grumbling about city affairs ceased to manifest itself.

Being reasonably well paid for all their time, the mayor and councilmen, as city commissioners, showed a tendency to become experts in their several departments. Direct responsibility and genuine opportunity to accomplish results strengthened this tendency. Expert service, as of engineers, attorneys, and architects, was employed with more regard for fitness and less for political expediency. Responsibility to the entire city, instead of to artificial sections of it, bred a larger breadth of view and developed official independence of the sort that respects real public opinion without being servile to popular prejudice.

One of the unsolved problems in Des Moines is that of the extent to which the individual commissioner, as head of a department, should be permitted to select his own most responsible subordinates and division chiefs. The community promptly upheld one commissioner of public safety in demanding this right when the council, by a majority vote which savored of political combination, foisted on him a chief of police regarded as personally unfit; but when the succeeding commissioner, who had not yet convinced the public of his sincerity in law enforcement, invoked the same rule

of business, insisting that, if held responsible for results, he must be permitted to choose his own chief, the same public was much less responsive. The public, in these two cases, showed a sort of opportunism, taking the position that commissioners should be accorded the practically unlimited right of selection when the citizens believed in them and denied it when there were doubts of their whole-heartedness in the public service. There are those who maintain that this right should always be conceded or the official denied it discharged—which, under the Des Moines plan, would usually mean recalled; but others regard the council of five as having a collective, corporate responsibility for the work of each department, which it should not waive except as a mark of special confidence in an unquestionably faithful and competent commissioner. These regard the public good as the paramount consideration and insist that rules of business practice are secondary to results. They contend that public and private business, though governed by the same general principles, are not absolutely alike; and that, at all events, experience shows that a city commission accomplishes the best results when acting as did the selectmen appointed by the old-time New England town meeting. This controversy has developed the most acute personal and political antagonisms which have arisen in Des Moines since the new regime began; but the commissioners whose relations have been strained because of it have both gone forward in their respective departments, doing good work and responding to the demands of a vigilant public sentiment.

One accomplishment of the new plan of government in Des Moines is in a sense somewhat unique and perhaps not likely to result, at least in the same degree, in other cities which adopt the plan. The city, widely advertised as a model of good municipal methods, has become acutely sensitive to the opinion of the country at large. The appeal to this wider tribunal has been very effective in local elections and administration. The feeling of *noblesse oblige* is peculiarly strong, almost morbidly so, one might suspect.

At every stage of the Des Moines experience, the local press, strong, clean and widely circulated, has been a powerful factor in making a success of the new plan. There has been no effort on the part of the newspapers of Des Moines to conceal or gloss over the shortcomings of the commission or its members. They have erred, if at all, in magnifying normal differences of opinion into

radical and serious clashes and in always revealing the seamy side of the municipal government and rarely its better aspects.

Commission government, in a word, has given Des Moines democracy. This, perhaps, is why it has given satisfaction. It is human nature to be pleased with one's own management of matters. Communities are in this respect very like individual men and women.

The results of the change of government are thus described by the present mayor, Hon. James R. Hanna, himself a thorough student of municipal problems:

"To state it very briefly, I think the commission plan has accomplished in Des Moines something like the following: (1) Directness, simplicity and therefore efficiency and economy in administration; (2) a very much greater responsiveness of the city government to public opinion; in other words, a more thoroughly democratic city government; (3) a very much greater civic interest and civic pride; (4) a great stimulation of the public to the undertaking of general public improvements; (5) the general unification of the city, making out of seven contending wards one united city; (6) a general cleaning up of the city politically, morally and physically.

"We have undertaken more permanent improvements in the last three years than were ever undertaken in any period of four times that length previously and we are proceeding to pay for these things; yet our municipal tax levy for the last three years has averaged 36.8 mills as against 39.4 mills during the eight years next preceding."

RESULTS OF COMMISSION GOVERNMENT IN KANSAS CITY, KANSAS

BY RICHARD J. HIGGINS,
City Attorney, Kansas City, Kansas.

Kansas City, the metropolis of Kansas, was, at the time it adopted the commission government, the largest city in the United States to adopt the plan. The population of Kansas City as shown by the Federal census of 1910 was 86,000. The city is one of the largest in the world, if not the largest, in which the sale of intoxicating liquors is prohibited. There is not a saloon or "joint" in the city or county, and there is not one penny of revenue received by the city from the sale of intoxicating liquors, either as a license fee or "fine" in police court. There are, of course, migratory violators of the law, commonly called "bootleggers," but they are eventually arrested, and it is the rare exception that one of them is enabled to pay his fine. In addition to the absence of saloons, we have an entire absence of gambling houses and houses of vice common to large cities.

Kansas City, Kansas, contains the large packing houses for which the city is famous. The stockyards are located partly in Kansas City, Missouri, but mostly in Kansas City, Kansas. The terminals, including shops, round houses, switching yards, etc., of all the western railroads are in Kansas City, Kansas. The great factory district of the two Kansas Cities is located on the Kansas side, where we find the large flour mills, foundries, cooper shops, soap factories, etc., employing thousands of men. The workers in these factories and the employees of the railroads constitute the bulk of the population of Kansas City, Kansas. They are industrious, thrifty and a home building body of men. Kansas City, Kansas, is a city of home owners. The percentage of persons who own and occupy their own homes is probably greater in Kansas City, Kansas, than in any other city in the United States. This condition explains in no small measure the fact that this city, although containing thousands and thousands of workers, most of whom are affiliated with the labor unions, if they exist in their trade or calling, has been

immune for years from any serious strikes, boycotts or other labor difficulties.

The legislature of Kansas in 1907 passed the first act authorizing the commission form of government in cities of the first class. The act was amended and supplemented in 1909. As it now stands it provides for the election of five commissioners biennially. Any person filing a petition signed by twenty-five persons may be a candidate for mayor or commissioner and his name is placed upon the official primary ballot as such candidate, without any party designation whatever. The primary election is held eight days before the regular election. The two candidates for mayor receiving the greatest number of votes and the eight candidates for commissioner receiving the highest number of votes are the nominees. Then at the regular election the same plan is again followed; the names of the candidates nominated are again placed on a ballot without party designation, the names in all cases appearing in alphabetical order, the candidates then receiving the highest votes, are declared elected. The first year our mayor was a democrat, and the commissioners were two democrats and two republicans. This year we have the same mayor and three republican commissioners and one democrat. The form of the ballot makes it difficult for an illiterate person to vote, and there being no "tickets," of course, no person can vote a "straight ticket."

Our mayor since the adoption of the commission plan is James E. Porter, who has been connected with city and county affairs for twenty-five years. The commissioners the first year were Otto Anderson, a merchant; Henry E. Dean, a lawyer; James A. Cable, at the time of his election supreme secretary-treasurer of the Coopers' International Union and editor of the *Coopers' Journal*; and Charles W. Green, president of a local bank. Mr. Green declined to be a candidate for re-election and was succeeded by James E. Caton, an expert accountant in municipal work. The other commissioners were re-elected with the mayor. The mayor-commissioner is *ex-officio* in charge of the police and fire departments, the other four commissioners are, after election, assigned by themselves to the following departments: 1. Finance and revenue; 2. Water works and street lighting; 3. Parks and public buildings; 4. Streets and public improvements. The commissioners appoint all officers and employees of the city, after a civil service examination. The

civil service does not apply to the heads of the various city departments.

The question of the adoption of commission government was first submitted to the voters of Kansas City in 1908 and defeated; in 1909 it was again submitted and carried. The first board of commissioners were elected in April, 1909, and assumed the duties of their office in the same month. The commissioners were somewhat handicapped the first year by a shortage of funds, the failure in the old law to distribute the funds to the various departments causing an inevitable deficit each year.

During the first year of commission government the city operated within its actual revenue. During the thirteen years prior to 1908, there was a deficit each year, totaling in the thirteen years \$1,300,000, or an average of \$100,000 per year, for which sum bonds were from time to time issued. The first year of commission government resulted in the payment of \$63,000 in general bonds, the full payment of all the expenses of the city from the revenue of the city, and, in addition thereto, there was an unexpended surplus of \$19,000 in the treasury. So if we might, for the purpose of comparison, take an average of the preceding thirteen years, showing a deficit of \$100,000 each year, and the first year of commission government, showing the equivalent of a balance of \$82,000, we find that from a financial standpoint it resulted in a saving of \$182,000 in the first year. A comparison of the collections from a few of the sources of revenue for the years 1909 and 1910 will show why it was possible for the city to make the showing it did.

	1909.	1910.
Occupation license	\$38,825.14	\$51,450.15
Police court fines	6,228.75	11,373.76
Dog tax	3,084.25	6,796.50
Bank interest	3,688.01	10,971.07
Franchises	9,000.02	16,000.00

The cost of public work was reduced, brick paving formerly costing \$1.70 per yard is now done for \$1.50. Asphalt paving was reduced from \$2.10 to \$1.85. The park and boulevard system, in its infancy when the commissioners assumed charge of the affairs of the city, has been extended and enlarged so as now to include several miles of beautiful boulevards and parks that are a delight and pleasure to the citizens. Playgrounds have been installed in

many of the parks where at all times of the day and evening hundreds of boys and girls can be seen in healthful and orderly exercise. A public shower bath was installed in one of the parks this summer; in one week over 1,500 persons availed themselves of the public shower bath. The street railway system is operated by the same company in this city and in Kansas City, Mo. The franchise requires the company to build two miles of extension each year. From 1902 to April, 1910, there was actually built but three miles of street railway; from April, 1910, to January, 1911, the street railway company either built or contracted to build four and a half miles of street railway.

The Missouri and Kansas Telephone Company, commonly known as the Bell Telephone Company, has a franchise in this city granted in 1901 and running for a period of twenty years. The compensation clause is as follows: "The Missouri and Kansas Telephone Company, its successors and assigns, agree that until such time as the city shall require payment of a license, privilege or occupation tax, fees, rentals or similar charges by the company on account of its business or property, the company, its successors or assigns will furnish to said city, free of cost, five metallic circuit telephones with exchange service for city business and such additional metallic circuit telephones not exceeding ten with exchange service as the city may need for city business at the rate of fifty dollars each per year." A very fine proposition for the city, telephones at fifty dollars per year. Think of the thousands of telephone poles strung all over the city, streets disfigured by wires and poles, and in return for this use, the city received five free telephones. No effort was ever made to make any other charge until the commissioners took office. They called the manager of the telephone company to the city hall, informed him that they desired to make a rental charge for the use of the streets and he quickly offered to pay, and has since paid the city two per cent of the gross revenue of the city, and the city now receives the free use of sixteen telephones in addition to the gross receipts. This item alone means about \$6,000 per year.

The city acquired its water plant less than one year before the commissioners assumed charge of the affairs of the city. It was rebuilt at a cost of nine hundred thousand dollars, its original cost being eleven hundred thousand dollars, so its cost to date is two million dollars. The revenue from the water plant is sufficient to

pay the salaries of all the officers and employees of the department, to make all necessary improvements and extensions, to pay all miscellaneous expenditures, to pay all interest charges, to cover depreciation and, in addition thereto, to create a sinking fund of more than two per cent annually to pay the outstanding bonds at maturity, and all this at water rates less than those charged by the private company. The water works sinking fund is invested in our own internal improvement bonds which bear five per cent interest, while the water bonds bear only four and one-half per cent interest. The success attained by the city in the operation of the water plant was such that last fall the citizens voted bonds to install a municipal electric lighting plant which is now being built.

The foregoing are a few of the statistical facts that can be pointed to as showing to some extent, at least, the financial conditions under commission government and the old ward plan. There are, however, results far more beneficial than those upon which statistics can be quoted or given, chief among which is a quickened and enlightened understanding of public affairs by the citizens. The public knows the public business. Responsible heads of departments with power and authority to act, with no superior body such as a Board of Aldermen or council to hinder their efforts, on duty each and every day attending to the business of the city, giving information to taxpayers or other inquirers, telling through the newspapers from time to time of the public business, such a scheme is bound to bring about an awakened public interest and a quick public conscience. While many of our citizens do not agree with the ideas of the Board of Commissioners, either politically or in municipal matters, yet I think any proposition to return to the old form would be overwhelmingly defeated at the polls, for the reason that the public understands that commission form of government in Kansas City, Kansas, has succeeded.

RESULTS OF COMMISSION GOVERNMENT IN EMPORIA, KANSAS

BY CHARLES E. HILL,
Kansas State Normal School, Emporia, Kansas.

Emporia is a small city of about 10,000 people, the census report gives 9,058. It adopted the commission form of government on February 18, 1910, by a vote of 1,159 in favor to 214 opposed. The election was called by a petition bearing the signatures of forty per cent of the qualified voters, filed with the mayor and council who were then compelled by statute to provide for the election. Let us answer the questions most frequently asked.

Does the commission form of government pay? The old salary of a mayor or of a councilman could not exceed one dollar a year, and it was never turned over. Now the mayor receives one thousand dollars, and each of the two commissioners nine hundred dollars a year. But about four thousand dollars of water rents are collected annually, which remained unpaid under the old system. Likewise about two thousand five hundred dollars of what would have been cancelled as uncollectible in light fees were, up to the leasing of the electric light plant in April, 1911, rigidly collected. Seventy-eight insurance companies do business in Emporia, and the license tax is twenty dollars a year for a life, fifteen dollars for a fire, and ten dollars for an accident insurance company. One-third of these companies paid in 1909; all of them paid in 1910. In 1909 there were 279 dog taxes collected, in 1910, 400. The income from the billiard hall licenses doubled during the year, although there was no increase in the number of tables. The two per cent interest on daily balances deposited with the city treasurer had never been collected until the commission began to operate. The income from that source alone is now enough to pay the salary of one of the commissioners. It is to be understood that all of these taxes were due under the old system, but they were not collected; the chief reason being that the council met only once in two weeks, and, if someone suggested that the collections be enforced, he would be informed by another worthy member of the council that the

delinquent one was an honest and upright citizen, prompt in ordinary business dealings, and, if given a little time, would undoubtedly pay voluntarily. So the matter was referred to the proper committee again and never heard of afterward.

Is responsibility definitely located? Every commissioner is elected by the whole city and he feels himself responsible not merely to the neighbors in his ward, but to the entire city. Moreover, each commissioner has a definite set of duties the responsibility for which he cannot shift to anyone. The mayor is the commissioner of police, fire and health departments, and is responsible for all ordinances and police regulations; he has charge of all public parks and all city property; he enforces all rules and regulations necessary to keep streets, alleys, and public grounds in a sanitary condition. The commissioner of finance and revenue prepares the annual budget, collects all revenues of the city and manages the finances. The commissioner of streets and public utilities has charge of the water-works, light plant, power, heating or gas plants, street railway, telephone, or other public utility owned by the city. He has supervision of the construction and maintenance of boulevards, public parks, driveways, sidewalks, bridges, sewers.

Is the gap between the officers and the public bridged? Between eight and five o'clock daily there is always to be found one commissioner to attend to the people's wants and complaints. The commission holds a legislative session once a week, and, instead of committing and recommitting, they do business, each one knowing that he is responsible for a definite field and the others recognize that his reasonable requests should be granted.

Are better men brought into office? No governmental machinery can do that; it can only furnish the easiest means for the popular will and public opinion to assert themselves. And the commission form is at least the latest step in that direction.

Is the ballot shortened? There can be only one city officer chosen each year, for only one of the three goes out annually. The one chosen at the last election was the mayor. Two candidates appeared, but there was nothing to indicate whether they belonged to the same political party or not. In fact, no one was heard to raise the question. In the last election under the old system, the different political parties put forth candidates for mayor, police judge, city treasurer, treasurer of the board of education, and councilmen. That

may not be a confusing number to a well-informed voter in a city of 10,000; and yet, electing one commissioner a year and increasing the appointive power of the commission and holding it responsible has had the effect of increasing efficiency.

Does the commission form increase popular interest in elections?

Since the population during the last ten years has remained stable, the number of votes cast in the two elections previous and in the two elections since the change will be an answer. In 1908 the total vote cast for all mayoralty candidates was 1,799; in 1909 it was 1,763. In 1910, the first under the new plan, the total vote was 2,473 and in 1911, 2,695. Some allowance should probably be made for the interest in the street car franchise, which came before the voters in 1911, and yet the total vote for and against the franchise was 100 less than the total cast for the mayoralty candidates.

RESULTS OF COMMISSION GOVERNMENT IN HUNTINGTON, WEST VIRGINIA

BY GEORGE I. NEAL,
Attorney-at-Law, Huntington, W. Va.

Commission government in Huntington has been on trial two years. Prior to the advent of the present order of things, we were governed by a large body of elective councilmen, who transacted public business through committees of their own body. The long ballot was then in vogue, and many of the city offices were filled by election by the people. In general, it was the same kind of government then and now in operation in most of the cities of this country.

Huntington now has a bi-partisan charter, thereby a non-partisan government. The only elective officers, excepting the referendum board, are four commissioners—at present two democrats and two republicans. The commissioner receiving the largest vote is designated the mayor of the city, and, as such, he designates himself and each of the other commissioners to be at the head of one of the four departments of city government. Not more than two of the commissioners can belong to the same political party, thereby preventing the public business and public offices becoming the asset of any political party. All other officers are appointed by the commissioners. In theory, their appointment is independent of politics, political parties, political bosses or captains of industry. In practice, they are about equally divided between the democratic and republican parties. But all are impressed with the idea that duties well performed is the safest guarantee for their continuance in office. Not having secured their appointments from any one political party, they hold, in local affairs at least, no hard allegiance to any party. The police and fire departments—the political spoils department of every city—are under civil service, and officers and men employed therein can be removed only for cause.

Whilst great power is placed in the commissioners, yet the charter requires that the most important of those powers be exercised through ordinances, which are subject to the veto of the citi-

zens' board. This board is purposely made of large membership so that it may remain beyond the probability of being corrupted. As its members have no onerous duties to perform there will be no reason why the best citizens should refuse to be elected to the board. It is not intended that the citizens' board shall meet often. It is to meet only when necessary to check the wrongful action of the commissioners in the passage of harmful ordinances and franchises. The board will operate as a reserve brake, to be used only when the emergency may arise. It is in the nature of a referendum board, but it does not act affirmatively. Ordinances and franchises become effective unless vetoed by the citizens' board. In other words, the scheme works automatically, and no action of the citizens' board is required to make an ordinance or franchise effective.

Our old form of government was cumbersome, ineffective, haphazard and extravagant. Official acts, whether right or wrong, could not be checked by any charter provision. Political parties—first one and then the other—had full sway and were administered along the lines “to the victors belong the spoils.” Under such conditions it was only natural that corruption in elections and extravagance in administering public affairs should be conspicuous results.

The change has been marked, the results have been good. Reformation, or the change in conducting public affairs, has not been brought about by any “reform party” or set of people holding themselves out as “reformers.” Our charter was not considered and drawn by those versed in theory only; but by politicians, business and professional men, laborers, and commercial and other business organizations; by those who knew and practiced the game of politics, and those who were the victims of a system to exploit the public business of a growing and prosperous city for the (temporary) advancement of a political party. Thus conceived and given birth, our charter has stood the test of every day conditions of practical things, whims and fancies.

Results, more in detail, are: First and foremost, stands out the reform in elections. Formerly an election in Huntington meant corruption, strife, and bitterness. Police officers and firemen encouraged crimes against the ballot and shielded the perpetrators thereof. The ballots of good men and property owners were coun-

teracted by the votes of migratory tramps and toughs under the protection of city officials. Some of these same officials are now holding like positions under the new order of things, and now, under civil service, they uphold law and order, and perform their duties with fidelity, and to the satisfaction of the general public. Personal and political obligations having been removed by charter provision, these same men have become the faithful servants of the people. Since the coming of commission government, elections in Huntington, whether local or state, have been invariably clean and without the old-time bitterness.

The financial condition of the city has improved, and municipal finances are handled in a systematic and business-like way. Under the old regime, the city had contracted a floating indebtedness of considerable size, and city warrants, drawing interest, were afloat and unpaid. The management of municipal finances was in doubt and always under suspicion and criticism. Now, the finances of the city are in a healthy condition; warrants are paid in cash upon presentation; and the management along those lines has the confidence of the people. The old indebtedness has been wiped out, and now the annual income equals annual expenditures. Salaries are fairly liberal, but not extravagant. The tax rate is about the same as formerly. It has never been, and is not now, the policy of our city to administer public affairs stingily. The test is, a dollar's worth for every dollar expended; and we have measured up to that test. More miles of streets and alleys have been paved, more miles of sewers have been constructed, more street lights, and water hydrants have been added than ever before in a like period. The police and fire departments have been about doubled, and the old apparatus for fire-fighting is being displaced by modern and up-to-date equipment. The first, and a modern, market house is being constructed, and a new building for a central fire department, jail, and police court rooms has been provided for; a large plat of ground, centrally located, has been secured, on which to build a city hall and auditorium of large seating capacity. The demands for public improvements have been many. That is only natural in a growing, prosperous city, standing almost at the top of the list of cities in the United States recording the greatest gain in population since 1900, its percentage of gain being 162. A large acreage has been procured for park purposes, and preparation is being made for the laying

out of a beautiful park. Many other items of public improvements might be mentioned; but their enumeration is not necessary to convince a reasonable mind that commission government has to its credit the doing of much of the public improvements of the city.

Last, but not by any means least, the general tone of administering municipal affairs has been raised. Politics having been banished from influence and power, the saloon has retired from active participation in municipal politics. The bums, tramps, and other human outcasts are without power. As their influence has waned that of the better citizens has increased. The people are taking more interest in public questions. Duties have been centered in some one person, responsibility is fixed and certain. Here in Huntington now there are truly no knockers; every one is a booster. The new charter, and the accomplishments thereunder, are pointed to with pride and satisfaction. The wonderful growth of our city, and the intense public spirit of our people, may, and does, account for much of the change, but certain it is that we owe much, in the general result, to commission government. Our people are so well pleased with the new order that, were our charter to stand the test of a vote of the people, it would be sustained, in my opinion, by practically a unanimous vote. I assert, with confidence in my statement, that commission government in Huntington has stood the test and has come to stay.

BIRMINGHAM UNDER THE COMMISSION PLAN

BY HON. WALKER PERCY,

Attorney-at-Law, Author of the Birmingham Statute.

Commission government for the city of Birmingham became effective April 10, 1911. Prior to that time the city government was vested in the mayor and thirty-two aldermen. These aldermen were chosen from different wards in the city and served without legal compensation. For several years prior to the adoption of commission government, the thoughtful, patriotic citizens of Birmingham had regarded, with growing distrust and apprehension the operations of the unpaid ward aldermanic system. Birmingham has always been fortunate in having some honest, intelligent, public-spirited men upon its board of aldermen, but the system, inherently bad, bore in Birmingham its usual fruit of incapacity, unwieldiness, clique, domination, individual greed and graft and the taint of corruption. The leaders in city politics, and the bosses, in and out of office, feeling sure of their position, daily became bolder, more brazen and more contemptuous of decent public opinion.

Believing that with the increasing wealth and importance of the community and the resulting increase in the importance of public contracts handled by the board of aldermen corruption would increase and efficiency diminish; realizing that with the increase in the duties and responsibilities resting upon the board of aldermen it would become more and more difficult to secure good men to fill the positions; and believing that no permanent improvement could be had except by a change in the system of government, I appeared before the state legislature with the avowed intention of procuring the enactment of commission government for the City of Birmingham. In a city primary, shortly preceding the convening of the legislature, the democratic voters of Birmingham declared in favor of commission government by a vote of about ten to one.

Popular sentiment in Birmingham had crystallized so strongly and had been manifested so plainly for commission government, and the interest in this new form of city government had so developed

over the state, that there was no open, organized opposition to the passage of legislation on this subject, and the commission bill applying to cities of the size of Birmingham was approved by the governor on the thirty-first of March, 1911.

In drafting the Birmingham bill, I derived more benefit from the Des Moines charter than from any other legislation; and yet, in a few important respects, our commission plan differs from any other. Manifestly, commission government has its fundamentals in the concentration of power and responsibility, coupled with the payment of reasonably adequate compensation. Birmingham has three commissioners. I believe the small number preferable, because of the increased honor and responsibility, and because the smaller number permits, with due regard to economy, the payment of better salaries. Our commissioners, receiving seven thousand dollars each, are the best paid commissioners I know of. Such salaries could not well have been paid if the law had provided for five commissioners. The Birmingham plan provides that the terms of the three original commissioners expire, respectively, on the first Mondays in November, 1913, 1914, and 1915. Only one commissionership will come up before the people at a time, and the successful candidate must receive a majority of all the votes cast. If in an election no candidate receives a majority, another election must be held on the same day of the following week between the two high candidates. It is easier for the voters to fill well one office at a time, and the election of only one commissioner at a time affords some guarantee of stability of government. The requirement for a majority vote was designed to prevent the achievement of victory by the forces of evil, which are always active, selfishly intelligent and combined. Vacancies in the commission occasioned by death, resignation or like causes will be filled by the remaining commissioners.

In the election of commissioners, every safeguard that I could devise is thrown around the election to prevent the use of money or, what might be more dangerous, the building up of a machine by the large power of patronage. All city employees are prohibited by law from endeavoring to influence any voter in favor of or against any candidate for commissioner. The Birmingham bill does not permit voters to initiate legislation. I doubt the wisdom or practicability of the initiative in either city or state government. Our law

authorizes a referendum to the voters on nothing but the granting of franchises to public utility corporations. Activities in procuring such franchises have been one of the frequent causes of municipal corruption. No referendum is provided on the refusal of such franchises, because the possibilities of corruption and evil on this account are manifestly insignificant. The law contains a provision for elections for the recall of commissioners on petitions signed by three thousand voters. The great power concentrated in the hands of a few men made the recall seem to me most valuable as a check. I want to say frankly, and with regret, that there has always been serious doubt in my mind as to the constitutionality of the recall provision under our state constitution.

The first commissioners of the city of Birmingham are Messrs. Exum, Lane and Weatherly. Birmingham has cause for satisfaction in the personnel of its commission. Public employees can be divided into two classes: those who work the public and those who work for the public; those who see in public office an opportunity for private profit, and those who regard it as an opportunity for useful service. All three of the Birmingham commissioners belong to the second class. All of them are honest, sensible, patriotic and intelligent. All have records of honorable, successful achievement. Mr. Exum, the chairman of the commission, was the mayor of Birmingham at the time of the adoption of commission government, and in his candidacy for the mayoralty was outspoken in his support of the commission plan. He is well known as one of the most public-spirited men in Birmingham, and has been a successful business man. Judge Lane was circuit judge of Jefferson county at the time of his appointment on the commission, and had previously served as mayor of Birmingham. It is no disparagement of the other commissioners, whom I highly esteem, to say that Judge Lane's executive ability, his high sense of honor and justice, his unselfish, unswerving and untiring devotion to duty, his inflexible courage, grim determination, and his indifference to all other considerations except the public welfare, render him in this, as in the other public positions which he has so faithfully filled, a public servant upon whose worth no value can be placed. Mr. Weatherly was one of Birmingham's successful lawyers and a man of recognized intellectuality. With all of these men, public service is a labor of love for the community in which they live; and yet, in considering

the form of government, it is well worthy of note that at least two of the Birmingham commissioners could not have afforded to have accepted the positions had not the salaries been made reasonably adequate.

When the bill was under discussion, strenuous efforts were made to amend the bill so as to provide for five commissioners and so as to limit the compensation to forty-five hundred dollars. There is not a thoughtful man in Birmingham to-day who would not oppose reducing the salaries of the commissioners below the amount fixed in the bill; and the smaller number of commissioners has secured harmony and concentration.

Commission government in Birmingham has been an unqualified business success. With the appointment of our commissioners there dawned a new day in our civic progress. We are realizing the fruition of long cherished hopes. The same sort of fidelity, honesty, energy, loyalty and intelligence is being displayed by these public employees that we have been accustomed to expect from private employees. A dollar of city money in Birmingham can buy as much in labor, service, and material as a dollar of individual money. When the commissioners entered upon their duties, Birmingham's floating debt under aldermanic government had been piling up with alarming rapidity. A favored bank had selfishly dominated the city's finances, and the other banking institutions of the city had felt that it was useless for them to consider, or endeavor to aid in, the city's financial problems. Practically all of the Birmingham bankers were enthusiastic believers in commission government, and have rallied in loyal support of the new administration. Immediately after the commissioners entered office, a note for three hundred thousand dollars, which had been bearing interest at six per cent per annum, fell due. The old administration bank, which had controlled the loan, offered to renew it at the same rate, but the commissioners placed the loan with other Birmingham banks for three months at five per cent. It is interesting to note how this reduced rate of interest was agreed upon. Colonel Smith, of the Birmingham Trust and Savings Company, a warm supporter of commission government, offered to handle the loan for the commission. One of the commissioners asked him what rate of interest he would charge, to which he replied: "Name whatever rate you think fair." A short time later, five hundred thousand dollars was borrowed by the

commission on the city's plain note for four months from Birmingham banks at a discount of three and three-quarters per cent. Under the old system of government, the city would certainly have paid for this money not less than six per cent per annum.

The Birmingham commissioners issue monthly a compact summary of their proceedings for the previous month, showing in the simplest and plainest terms all receipts and disbursements of the city and all transactions of the least importance. The first aim of the commissioners was to reduce the current expenses of the city to fit its income. All sinecures were abolished. Operating expenses were cut to the bone, and the regular operating expenses of the city, in the first twenty days the commission was in existence, were reduced in the annual sum of ninety-four thousand five hundred and thirty-four dollars, without decreasing the efficiency of the city government. While the Birmingham commission has resorted to every intelligent economy, it has not hesitated to spend money so as to secure better results and increased efficiency.

The commission has abandoned the use of horses in its fire department and purchased at one time sixteen motor-driven engines for its fire department at a cost of sixty-nine thousand three hundred and twenty-eight dollars. With its large industrial population, one of the most pressing needs of Birmingham is adequate parks and playgrounds; and at the request of the commissioners, some of the most capable and public-spirited men in the community have agreed to serve without compensation as park commissioners for the purpose of devising plans for a park system for the city. There is no "red tape" in the conduct of Birmingham's city affairs. The commissioners devote all of their time to the public business, and a crippled negro mendicant can secure an audience with the commission as easily as a street car magnate.

The work of city government is divided by the commissioners into departments headed by the respective commissioners. Under the law the division into departments can be made and rearranged by the commissioners to suit themselves. But all important questions are passed upon by the entire commission and the recommendations of a commissioner as to his department are in no sense binding upon the board.

The continued success of the Birmingham commission will, of course, depend upon the character of its commissioners, but I con-

fidently predict that in place of the scornful apathy and indifference which formerly characterized the selection of our aldermen, intelligent, public-spirited, enthusiastic and organized interest will be displayed by the best people of Birmingham in maintaining the personnel of the Birmingham commission at its present high standard.

BERKELEY, CALIFORNIA, UNDER COMMISSION FORM OF GOVERNMENT¹

BY WILLIAM CAREY JONES,

Professor of Jurisprudence in the University of California; President of the
Board of Freeholders that framed the Berkeley Charter.

Berkeley, California, was the first city, which, having practically autonomous power to frame its own charter, adopted the commission form of government. The California constitution allows the cities of the state to select boards of freeholders to prepare charters which are to be submitted for approval to the city electorate and then ratified by the legislature. Legislative ratification, while probably discretionary, has in all cases, as a matter of course, followed approval by the people of the community concerned. Cities have, consequently, control over their own destinies within wide constitutional limits.

Berkeley, under the federal census of 1910, was credited with a population slightly in excess of 40,000. The assessed value of real and personal property is about \$35,000,000. The commission charter was prepared by a board of fifteen freeholders during the summer of 1908. It was adopted by the voters of the city on January 30, 1909, by a vote of 3,178 to 546. A proposition prohibiting saloons was adopted at the same time by a vote of 2,400 to 1,288, and thereby became a section of the charter. The charter was duly ratified by the legislature, the elections under it were held in May, and the new administration entered upon its duties on July 1, 1909.

The charter is modeled after the outline supplied by the Des Moines charter, with important modifications and additions. It is constructed to meet the conditions and opportunities under the

¹ References: Annual Reports of the Mayor and Council of the City of Berkeley, California, for the years 1909-10 and 1910-11.

Report of the Committee on the Workings of the New Charter, and the conduct of the affairs of the city by the present city officials. Bulletin No. 5 of the City Club of Berkeley. March, 1911.

California constitution, and accordingly not only establishes the essential framework of government, but sets out fully the powers of the city and regulates the administration in various directions. Great pains were used to develop a complete and harmonious system of commission government. Among the subjects provided are, the establishment of all desired public utilities and institutions, possible municipal ownership and operation, regulation of municipal accounts, publicity in all public business, financial economy and efficiency, control in letting contracts, and protection of the community's interest in the matter of franchises. Direct legislation by the people is provided for through the initiative and referendum. All elective officials are subject to the recall at an election held in answer to a petition of voters equal to twenty per cent or more of the votes cast for mayor at the last election. No recall petition may be filed within three months after the official in question has taken his office. No person who has been recalled or has resigned pending recall proceedings may, within one year, fill an appointive office.

The most important original feature in the Berkeley charter is the method of elections. The aim of the election provisions is to make elections (1) non-political and non-sectional; and (2) dependent upon an absolute majority of votes cast in place of a mere plurality of votes. Nominations for office are open to any qualified person in whose behalf twenty-five verified certificates of nomination, each signed by one voter, are duly filed. This is the only way in which a candidate can come up for election. There is no limit to the number of candidates for an office. Names are placed on the ballot in alphabetical sequence. Nothing is permitted on the ballot that will indicate the source of nomination or support. Wards are abolished; all nominations are made at large. In order to secure a majority vote, provision is made for two elections, separated by an interval of three weeks. The first election may be both a primary and a final election. It is a final one for candidates for any office who receive a majority of all votes cast for that office. For all other candidates the first election is a primary. At the second election, the number of candidates for each position that may not have been filled at the first election is reduced to two, namely, the two who received the highest number of votes at the first election.

The Berkeley nomination and election provisions are being widely copied in the United States, either exactly as they appear in the Berkeley charter or with modifications. In California, they have been adopted in practically identical form in San Francisco, Vallejo, Modesto, San Luis Obispo, Monterey, Santa Cruz and Sacramento (charter now pending adoption); while in Los Angeles and Oakland they have been adopted with the qualification that the first election shall in all cases be only a primary, requiring that all positions be voted for at the second election. The first set of municipal elections under the Berkeley charter was held on May 1 and 22, 1909. At the first of the two elections, one of the four candidates for Mayor (Beverly L. Hodghead) and one of the four candidates for auditor (M. L. Hanscom) received a majority of all ballots cast, and were thereby declared elected. At the second election, held in April, 1911, the choice of Mayor (J. Stitt Wilson) and of auditor (M. L. Hanscom) was again decided at the first of the two elections. In San Francisco, the Berkeley election plan was adopted in the spring of 1911 as an amendment to the charter, the general scheme of that charter remaining unchanged. The plan is there subjected to a greater strain, not only on account of the size of the city and the diversity of population and of interest, but because the ballot is excessively long, whereas in commission cities proper the ballot is short. The first trial of this method of election in San Francisco is now taking place. The first half of the double election was held on September 26, the second half comes on November 7. At the first election there were 245 candidates for thirty-one positions. More precisely, there were twelve offices for which a single official was to be chosen; one office (police judge) for which two officials were to be chosen; and one office (supervisor, or councilman) for which eighteen officials were to be chosen. For the first group (single official) the number of candidates per office varied from three to ten. For the second group (police judge) the number of candidates for the two judgeships was ten. For the third group (supervisors) the number of candidates for eighteen places was 173. In this intolerably long ballot, the list of supervisors was the only one that occasioned any embarrassment. And the result shows that even here the voters showed rare discrimination in expressing their will. The offices filled at this first of the two elections by a clear majority over all com-

petitors were those of Mayor (James Rolph, Jr.), city attorney, clerk, recorder, public administrator, assessor, treasurer, tax collector, and the two police judges. The filling of the remaining offices, district attorney, auditor, sheriff, coroner, and eighteen supervisors, will be decided on November 7, when the two candidates for the first four mentioned positions and the thirty-six candidates for supervisors who received the highest vote on September 26 will be placed on the ballot.

The first administration in Berkeley under the commission charter assumed office on July 1, 1909. It consisted of Beverly L. Hodghead, Mayor; R. A. Berry, Commissioner of Finance and Revenue; Christian Hoff, Commissioner of Public Health and Safety; W. F. McClure, Commissioner of Public Works; E. B. Norton, Commissioner of Public Supplies. These, with the auditor, M. L. Hanscom, constituted the elective municipal officers. Immediately upon its organization, the council, consisting of the mayor and these four commissioners, determined that it would hold daily sessions at which the members could confer with one another and despatch such business as was called for. The custom of daily meetings has been consistently followed out. The transaction of business has been greatly facilitated thereby. The commissioners have been brought into close relationship and each has gained a fuller knowledge not only of his own department but of the other departments and of the work and needs of the city as a whole. Mayor Hodghead, in one of his official reports, says in respect to the methods of the council:

In the transaction of the business of the city the proceedings of the council have been entirely harmonious and agreeable. There has been no clashing of interests, for the interests of all the members have been the same. The judgment of public officers is sometimes influenced by the interests they represent, and if those interests are antagonistic, the differences cannot be reconciled. My experience has confirmed the opinion I had occasion to express at the time of assuming office, that I believed the people had elected a council of men, each with a judgment of his own, but with a willingness and readiness to accept the views of others if they were convincing. We have differed in opinion on many subjects at the beginning of our investigation. Our final opinions, however, have been reserved until we have first, as far as possible, become fully acquainted with all the facts in each case and until there has been a full conference and interchange of views among the members. The reason we have been able to agree is, we have not prejudged questions before all the members have had an opportunity to hear all the facts, and we have not acted on *ex parte* statements alone. Where there is no councilman who

has any special interest or particular section or class to represent or serve, it is made comparatively easy to reach an agreement after coming into possession of the facts in each case. As a consequence no question of importance has arisen, on which the final judgment of the members has not been in accord.

These daily daytime meetings emphasize the transition from the amateurish, side-issue character of the conduct of municipal affairs under the prevailing form of charter to the business-like methods almost necessarily observed under the commission form of city government.

The matter that first engaged the attention of the new council was the adoption of ordinances distributing and assigning the different administrative powers, authorities, and duties into and among the several departments, and determining the powers and duties of the mayor and commissioners; also ordinances prescribing the duties of the chief officials enumerated in the charter, providing for the organization and management of the police and fire departments, and for the various commissions (park, playground, charity) contemplated by the charter, which in all these matters vested a wide discretion in the council. Having completed the organization of the government of the city along these new lines, the council, in its legislative capacity, turned to the revision of the old and the adoption of new ordinances. The principal classifications of the ordinances adopted during the last two years are, the administrative ordinances above referred to, ordinances relating to licenses and the assessment and collection of taxes, ordinances on bill boards and the impounding of animals, on public utilities and their regulation, police ordinances, fire ordinances, building inspection and plumbing ordinances, a pure-milk ordinance, and an ordinance to secure a sanitary condition of all markets. The laws enacted by the council under commission government indicate more thorough study of the subjects and conditions to which they relate, a larger reliance upon expert advice, and a broader and better-balanced consideration of the needs of the public.

The cost of a city government is implicated with questions of efficiency of administration and extent of public improvements. The tax rate and expenditures of money in a rapidly growing community do not of themselves declare whether an administration is economical or not. Results, rather, decide the question, and we have

not space here to go into an exhaustive examination of the various problems involved. We can only state conclusions. The following table, however, we believe to be an index of the general effort of the city government to bring about as large a result as possible with as small an expenditure as possible. The comparative rates on the chief municipal taxes during the two years of the new administration were as follows:

	1909-10.	1910-11.
Library tax	.07	.05
Bond tax	.09	.06
Cash basis (fixed by charter)	.02½	.02½
General municipal expenses	.62½	.61½
Total	.81	.75

The police and fire departments, which in 1908 had been reduced on account of depleted funds, were speedily restored to a basis of efficiency. Additional men have been added to each force. New modern apparatus has been provided for the fire department, which has given an excellent record with reference to the control of fires. The total loss from fires in 1909-10 was \$13,325, and in 1910-11 was \$34,874; placing Berkeley among the lowest in fire loss, as officially reported, among cities of its size in the United States. The personnel of both the police and fire departments was not materially changed by the incoming commission administration in July, 1909. The Chief of Police in his report says: "I desire to call your attention to the success attending the reorganization of the police department under the commission form of government. Politics have been entirely eliminated, and the department has grown in strength and efficiency under the careful supervision of the Commissioner of Public Health and Safety; the needs of the department have been made known to the council and the proper attention of the chief may be devoted to the direction of the police organization."

The criminal court has shown a marked decrease in the number of cases requiring its action. The number of arrests for the principal offenses, including felonies, in the last year under the old charter and the first two years under the new charter, is shown in the following table:

	1908-09.	1909-10.	1910-11.
Violating gambling laws	42	6	0
Disturbing the peace	44	28	17
Drunkenness	150	93	27
Violating various city ordinances	161	73	41
Battery	36	30	21
Petit larceny	20	27	22
Grand larceny	4	4	2
Burglary	6	11	3

Total arrests for all causes, including those given above.....	657	501	338
--	-----	-----	-----

The health department was completely reorganized following the inauguration of the new administration. On account of the general healthfulness of the community, and on account of the cost of thorough and expert development of scientific sanitation, the health problem has not received from the people the attention and assistance it deserves. Commendable and promising progress has, however, been made by the health department in the last two years. Vital statistics are collected and classified. Infectious and communicable diseases are well controlled. A vigorous campaign has been waged against the purveyors of impure milk. A stable ordinance has been well enforced, and the number of flies in the community has been greatly reduced. The city is being relieved of its garbage by a temporary makeshift; its ultimate disposal remains a problem, annoying but not difficult, still to be solved.

The most obvious results of the activity and business-like methods of the new government have been in the department of public works. A large amount of work has been done on the streets, especially in the hilly and outlying portions of the city, where construction is more expensive than in the comparatively level areas where the work of the earlier periods was done. Several streets in the business portion of the city have been laid with asphalt pavements of the very best construction. Seventeen miles of streets have been oiled on a macadam foundation. This process has been found highly satisfactory. The surface is preserved, and a considerable saving is made in the expense of sprinkling. The diligence of the department has been particularly conspicuous in keeping the streets clean. Under the old regime, the streets in the residence districts were cleaned perhaps once a year. Then the accumulated soil and refuse in the gutters were scraped into heaps on the roadway. By

the time the wagons came along for their collection, some days later, these heaps were in large part again scattered. Under the new government, the wagons follow closely upon the heels of the street-cleaners. The streets paved with asphalt and others in the central portions of the city have been cleaned daily. Others have been cleaned at frequent intervals. Two hundred and eighty miles of streets were cleaned during the past year.

One hundred and fifty-three arc lights and one hundred and thirty-one electroliers have been added since July 1, 1909, thereby doubling the street illumination. The cost of lights was at the same time reduced twenty-five per cent. About \$112,000 was expended during the last fiscal year on the care and maintenance of streets, including repairs, cleaning, sprinkling, lighting, and placing fire hydrants. The efficiency of the new government has been conspicuously shown in the adjustment of long-standing controversies and suits over street-openings.

Water is supplied to Berkeley by a private company, which has developed or controls the resources in all the watersheds of the Coast Range mountains in the surrounding neighborhood. The commission government has actively interested itself in the efforts to secure an adequate supply of the best water for San Francisco, Oakland, Alameda, Berkeley, and the other bay cities. It is practically out of the question for Berkeley, acting alone, to obtain a supply that will be permanently sufficient. Mayor Hodghead accordingly associated himself intimately with representatives of San Francisco and Oakland who have been seeking to get the permission of the United States government for the use of the Hetch Hetchy source in the Sierra Nevada mountains. The entire cost of bringing water from that source to San Francisco is estimated at from forty to fifty million dollars. Berkeley's share would be about three million dollars. The efforts of the city government have been necessarily confined to procuring data, enlightening the people, and prosecuting the plan of ultimately obtaining an abundant and unfailing supply of pure water from the only available sources, the Sierra Nevada mountains. These efforts, however, have been prosecuted, not in a desultory way, but with an unflagging and business-like spirit.

A large part of the revenue of the city, outside the salary roll, is extended in the purchase of supplies. One of the administrative

departments under the new charter is that of public supplies, under the commissioner of public supplies, who is practically the purchasing agent of the city. The auditor's statement submitted each month shows the expenditures in the several departments. The head of a department is expected to submit an estimate each month to the commissioner of finance and revenue of the expenditures likely to be called for. If such estimate is approved by the council, the purchases are made as required within the limit, and beyond it in cases of emergency. Requisitions against this estimate are drawn by the head of each department on the commissioner thereof, and signed by such commissioner and by the commissioner of public supplies. When the receipt of the article is acknowledged by the proper officer the bills are examined and audited by the commissioner of finance and revenue, the commissioner of public supplies and the auditor. They are then approved by the council and warrants for the amounts properly issued. System and regularity have been introduced into this sphere of the city government. Under the direction of a responsible commissioner leakage and waste have been all but stopped, and the city has been saved many thousands of dollars.

In a word, the activities of the first administration of Berkeley's commission government give abundant illustrations of what can be accomplished by substituting for slack, amateurish, though well-intentioned, methods, a scientific business-like conduct of municipal affairs.

BOOK DEPARTMENT

NOTES

Bailey, L. H. *The Country-Life Movement in the United States.* Pp. xi, 220. Price, \$1.25. New York: Macmillan Company, 1911.

Bergson, H. *Creative Evolution.* Pp. xv, 407. Price, \$2.50. New York: Henry Holt & Co., 1911.

Bingham, H. *Across South America.* Pp. xvi, 405. Price, \$3.50. Boston: Houghton, Mifflin Company, 1911.

Colby, F. M. (Ed.). *The New International Year Book for 1910.* Pp. 837. Price, \$5.00. New York: Dodd, Mead & Co., 1911.

Dodd, Agnes F. *History of Money in the British Empire and the United States.* Pp. xiv, 356. Price, \$1.60. New York: Longmans, Green & Co., 1911.

Duggar, J. F. *Southern Field Crops.* Pp. xxvii, 579. Price, \$1.75. New York: Macmillan Company, 1911.

Professor Duggar is the first to give in book form a description of the important field crops of the southern states. The contents not only reveal a thorough technical study of representative southern crops, but a clear perception of what is most essential and useful to the present and prospective tillers of these crops. Special emphasis is placed on cotton, corn, sugar-cane, wheat and tobacco; but the chapters on oats, rye, barley sorghums, hemp, peanuts, sweet potato and cassava are suggestive, practical and sufficiently comprehensive.

Each crop is discussed with reference to its botanical characteristics, varieties, nutrition content, climate, soil adaptation, fertilizer demands, cultivation methods, enemies, seed selection, harvesting and marketing. Being designed for students in the early years of agricultural study as well as for farmers, the book is written in a readable, interesting style, easily understood by anyone of average intelligence. It is to be regretted that the author did not incorporate one chapter on potato culture. Though not a distinctive southern crop, it is an important field crop in all the southern states. Appended to each chapter are "laboratory exercises" especially valuable to students in laboratory experiments and field observations.

Fisher, Irving. *The Purchasing Power of Money.* Pp. xxii, 505. Price, \$3.00. New York: Macmillan Company, 1911.

Haney, L. H. *History of Economic Thought.* Pp. xvii, 567. Price, \$2.00. New York: Macmillan Company, 1911.

Happgood, N. *Industry and Progress*. Pp. 123. Price, \$1.25. New Haven: Yale University Press, 1911.

Writing as a publicist and a man of the world, rather than as a scholar or student, the author essays to lay before a group of young men the fundamental principles in Employment, Labor, Production, Distribution and Progress. With the literary ability for which he is so justly famous, Mr. Happgood shows, by concrete illustration and convincing argument, the duty which the modern employer owes to those who work for him; the responsibility of the employee for the product; the necessity of modifying the productive system in such a way that it will not work unnecessary hardship to any group of individuals; the undesirability, both from a personal and a national standpoint, of maintaining an inequitable system of distribution; and finally, the necessity for personal as well as social progress. The book will commend itself to the general public as an interesting and keenly analytical statement of modern industrial conditions; and to the thoughtful students as an effective expression of one man's view in the relation between industry and progress.

Hart, A. B. *The Obvious Orient*. Pp. x, 369. Price, \$1.50. New York: D. Appleton & Co., 1911.

Johnson, A. *The Almshouse—Construction and Management*. Pp. x, 263. Price, \$1.25. New York: Charities Publication Committee, 1911.

No institution has perhaps received less attention from the average citizen than this—"the fundamental institution in American poor relief." Sources of information have been scattered and scanty.

Mr. Alexander Johnson, has for years been in intimate contact with varied types of institutions, both as executive and as head of the Indiana State Board of Charities. His fund of common sense is large. These qualifications are unusual. The result is a volume of real merit which will be of great service to any local official whose duties include the erection and conduct of an almshouse.

The volume is divided into two sections. In the first the author discusses the questions of location, construction and administration of almshouses in homely and sympathetic fashion. The second part embraces a number of lengthy excerpts from various sources, such as the report of the British Poor Law Commission, The Indiana Law Governing County Almshouses, and from several individual writers on germane subjects.

Le Case Sane Economiche e Popolari del Comune di Venezia. Pp. 101. Bergamo: Istituto Italiano D'Arti Grafiche, 1911.

The report of January 1, 1911, of the Venetian Municipal Commission for Sanitary, Cheap Homes for the People, looks at Venice from a practical point of view. The book is divided into a general part, a special part and twenty-one appendices—the latter comprising the major portion of the volume.

The general part discusses housing problems and the functions of the

community in relation to these, but encroaches upon the province of the second part by pointing out in detail the inadequacy in Venice of legislation in regard to declaring buildings unfit for habitation and summarily dealing with them upon this ground.

The second, special part describes peculiar difficulties of the city, calling attention to the narrow streets and passageways in the densely populated quarters, affording little light and air; to the dampness and unhealthfulness of ground floor rooms; to the limitations upon normal expansion into outlying areas, due to the conformation of the city, and to the necessity for breaking through the present narrow bounds. The commission considers that there are openings for future growth at Lido and the island of Santa Elena. This section outlines the history of the work of the city for the improvement of housing and sanitation.

The appendices include extracts from the proceedings of the municipal council in relation to housing matters, rules for the government of the model dwellings, tables of income and expenditure for construction and maintenance, rent charts and other statistical data and plans, photographs and descriptions of the houses.

The volume contains much general discussion of the housing question, couched in more flowery terms than those to which the Anglo-Saxon reader is accustomed. It also supplies a large amount of valuable information as to the experience of Venice. The student of tenement problems will find it full of interest and worth careful reading.

Mill, John Stuart. *The Subjection of Women.* Pp. xv, 223. Price, 60 cents. New York: Frederick A. Stokes Company, 1911.

In her foreword, Mrs. Catt describes the present edition of Mill's essay as "a worthy immortal," the republishing of which is justified by the persistence of three false doctrines. (1) the natural inferiority of women to men; (2) the right of men to rule and the duty of women to obey; and (3) the trade nature of marriage. Mill's splendid analysis of woman's capacity; the suppression, through custom and tradition, of her faculties, and the arbitrary assumption of power by the male half of the world need no words of commendation. The women of America would do well to place more emphasis on some of the fundamental principles which Mill so ably discusses.

Orage, A. R. *Friedrich Nietzsche, The Dionysian Spirit of the Age.* Pp. 81. Price, 75 cents. Chicago: A. C. McClurg & Co., 1911.

Describing Nietzsche as "the Dionysian spirit of the age," the author attempts in the compass of this brief essay to outline the most salient point of his philosophy. His intense individualism animated by an equally intense love of humanity is well described, though the essay is, on the whole, wordy and takes the form of an apology rather than of an appreciation.

Ovington, Mary White. *Half a Man.* Pp. xi, 236. Price, \$1.00. New York: Longmans, Green & Co., 1911.

This volume is devoted to the study of the status of the negro in New York

and the conclusion is that he is only "Half a Man." The adjustment of a specific ethnic group to a definite environment is of more value in determining race ability than wide generalizations based on supposed race characteristics. New York negroes contend with bad housing, insanitary conditions, improper care of children, difficulties of earning a living, race prejudice, etc., all of which are carefully studied. Immorality, crime, poverty, disease, etc., are the result. The author believes that the negro is "half a man" because of these remediable social conditions, or at least that his status in New York does not show that he is incapable of becoming a whole man. Much information is given to show that in spite of bad conditions many negroes are achieving success as judged by the white man's standards and that his handicaps are chiefly environmental. Before final judgment, he must be given equal opportunity with the white man and must be allowed time in which to respond to it. Miss Ovington does not believe that New York at the present time offers this equal opportunity, but that when New York becomes really cosmopolitan, instead of a group of foreign villages, the negro will have his chance to become "a man among men."

Remsen, D. S. *Post-Mortem Use of Wealth*. Pp. xi, 131. Price, \$1.50. New York: G. P. Putnam's Sons, 1911.

This subject is discussed from two points of view: the legal and the ethical. The chapters falling under the first head were written by Mr. Remsen; the part of the book dealing with the ethical questions consists of chapters contributed by various writers.

Under the legal point of view are discussed such questions as the Power of Wealth after Death, Transmission of Property, and Plans for its Disposition, Selection of Worthy Benefactions, Taxation of Estates, etc. The author recounts the legal conditions under which property may be disposed and suggests methods of facilitating the work of the testator. The character of recent gifts and philanthropic ends to be attained also receive some attention. The economic aspect of the question and its effect on the evolution of the power of the dead hand are almost entirely neglected. Perhaps the purpose of the book justifies their omission, although these are most important problems.

The questions considered from the ethical point of view include the following: Principles that should Govern the Making of Bequests for Philanthropic Purposes, the Justification of an Inheritance Tax, Obligations of Testator to Society, the Higher Use of Wealth, etc. The chapters are very brief, are popularly written and most of them lack much in completeness. On the whole, this vital phase of the problem is very inadequately handled. The sociological significance of such a control of property after death that the maximum of social benefits will have been achieved can afford the most careful and painstaking treatment.

The book aims to "aid persons of large or small means to formulate plans for a wise use of their property after death." It will be serviceable in this respect, but it is no treatise on the problem of the disposition of accumulated wealth.

Scott, W. R. *The Constitution and Finance of English, Scottish and Irish Joint Stock Companies to 1720*, Volume III. Pp. xii, 563. Price, \$6.00. New York: G. P. Putnam's Sons, 1911.

Seawell, Molly E. *The Ladies' Battle*. Pp. 119. Price, \$1.00. New York: Macmillan Company, 1911.

The author has attempted to outline the salient arguments against suffrage. The two basic reasons why suffrage for women is undesirable are:—First, "No electorate has ever existed, or ever can exist, which cannot execute its own laws." Second, "No voter has ever claimed, or ever can claim, maintenance from another voter." Although she devotes an elaborate argument to the proof of these propositions, she fails rather than succeeds. Her logic is not convincing.

Summerhayes, Martha. *Vanished Arizona*. Pp. 319. Price, \$1.60. Salem, Mass.: Salem Press Company, 1911.

This gives the recollections of the army life of a New England woman, who in the early seventies accompanied her husband into the wilds of Arizona. As in most reminiscences there is some meaningless detail that might better have been omitted. The book is marred somewhat by little affectations and naive self-satisfaction on the part of the writer. Its chief merit is the vividness of description and the truth and reality of the narrative. It is interesting in showing the conditions in Arizona and the army at that time and the changes that have taken place since.

In 1874 there were no railroads in Arizona and few comforts at the desolate posts to which the author's husband was first assigned. We wonder how she lived through the long, hard journeys from fort to fort or endured the privations. However, the story is not all of hardships nor of Arizona. We catch glimpses of much that was gay and interesting in army life in different parts of the country.

Much praise is given to the regular soldiers, whom she seems to understand thoroughly. She is bitter against the abolishment of the canteen. She also speaks against the system of advancement of officers and the needless thoughtlessness in assigning posts.

Swift, F. H. *A History of Public Permanent Common School Funds in the United States, 1795-1905*. Pp. ix, 493. Price, \$3.75. New York: Henry Holt & Co., 1911.

Webb, Sydney. *Grants in Aid*. Pp. v, 135. New York: Longmans, Green & Company, 1911.

This volume presents, practically for the first time, an outline of the English system known as "Grants in Aid." The term is applied to the money voted by the central government to the counties, etc., to help in carrying out duties for which those smaller units are primarily responsible, as for instance the relief of the poor, education, etc. Though seldom seen in our national government our states have similar policies. The book will interest students of English conditions.

Such "Grants in Aid" Mr. Webb favors, but thinks there is need for radical changes. The central government should exercise far more authority in compelling the minor communities to do good work and in introducing system and standards.

Winter, N. O. *Argentine and Her People To-Day*. Pp. xiv, 421. Price, \$3.00. Boston: L. C. Page & Co., 1911.

Yule, G. U. *An Introduction to the Theory of Statistics*. Pp. xiii, 376. Price, \$3.50. Philadelphia: J. B. Lippincott Company, 1911.

REVIEWS

Coates, George. *Tariff Reform, Employment and Imperial Unity*. Pp. viii, 120. Price, 90 cents. New York: Longmans, Green & Company, 1911.

The title of this little volume throws much light on the author's thesis. Tariff reform, which in England means protection as opposed to the present free trade policy, is the panacea that will solve the problem of unemployment and aid the movement for imperial unity. The main contention of the book is that "whenever foreign commodities are purchased instead of British the amount of employment given in Great Britain is diminished by the amount necessary to make the goods in question. From these the following deductions can be drawn, that foreign trade is wholly beneficial when it consists of the importation of all the necessary raw material, food, or commodities which we cannot produce here in England, and which do not displace British-made goods; but that as soon as we begin to import commodities which compete with and displace British produce, results injurious to the employment and welfare of our working classes begin to arise, and the ill effects of these may more than counterbalance the benefits resulting from the foreign trade" (p. 60).

The book is written in popular and almost propagandist fashion. Many of the illustrations are American or German, the author constantly attributing the success of these two countries, particularly in the case of Germany, to the protective system. The arguments are not always convincing. For example, on page 94, in speaking of England buying goods abroad, he admits that to settle the balance of trade, the other nation would have to make purchases in England. "This is possibly true, but if so the goods might be raw material necessitating very little labor." One is inclined to ask what raw material England exports in bulk enough to make this argument wholly valid. The author has closed his eyes to other factors that may help to explain the crisis that England is facing and the relative prosperity of Germany such for example, as the emphasis Germany has for years placed on the industrial efficiency of its workers and the comparative neglect of England in this field.

FRANK D. WATSON.

New York School of Philanthropy.

Hall, James P. *Constitutional Law*. Pp. xiv, 408. Chicago: De Bower-Chapline Company, 1910.

The present reviewer, in a former issue of the *ANNALS*, discussed at some length "American Law and Procedure," a work in fourteen volumes. This work was published by LaSalle Extension University, Chicago. Much of what was said, generally, in that review is particularly applicable to Professor Hall's book on Constitutional Law, which formed one of the volumes of "American Law and Procedure." It is now issued separately, and something more may well be added to the scant sentence of special praise given it in the former review.

The United States Constitution with fifteen amendments thereto are printed as one of the Appendices to Professor Hall's book. They occupy only seventeen pages, yet for a century this brief document has raised countless questions in our courts. The recurrence of such questions is due to no inherent obscurity in the Constitution itself, but rather to its importance as the framework of the national government and to the fact that the country is rapidly developing and almost as rapidly changing. The present generation is witnessing an accelerated growth and change throughout the nation, with the result that constitutional questions, instead of being all settled, are multiplying apace.

All this justifies the production of new works on Constitutional Law. When such works were originally written, during the first half of the nineteenth century, they could be made exhaustive within the limits of a single volume, so few decisions, comparatively, had then been handed down on points of Constitutional Law. To-day, a work making any pretensions to exhaust this subject would occupy several volumes at the least. Professor Hall has made no pretensions, however, to cover the entire field. His work is intended, perhaps, more for the student than for the practicing lawyer. But while somewhat elementary, it shows the author's mastery of his subject.

Moreover, it is practical. Many of the older works on Constitutional Law devoted too much space to the discussion of issues now happily dead, as, for instance, the slave question. Professor Hall has a nice sense of proportion that enables him to give the various topics which he treats the amount of space respectively due them. He cites a large number of recent cases without, however, losing his perspective and ignoring the important earlier decisions.

In this connection regret may be expressed that the work was written prior to the handing down of the Supreme Court's opinion in the *Standard Oil* case and in other cases lately decided. With Chief Justice White at the head of the Supreme Court, we may expect another era of noteworthy constitutional utterances such as that which distinguished the same court in Marshall's time. Again, there have been some recent statutory changes which would be reflected in Professor Hall's book were he to write it to-day.

JOHN J. SULLIVAN.

University of Pennsylvania.

Hardy, E. R., and Lindnor, W. *Modern Business*, Vol. VIII. Pp. xxv, 505. New York: Alexander Hamilton Institute, 1911.

Part I, by Edward R. Hardy, deals with "Fire Insurance." Part II, by Walter Lindnor, discusses "Real Estate." This volume of the "Modern Business" series may be read with profit and interest by those having little knowledge of insurance and real estate, but would hardly prove valuable to men engaged in the fire insurance business, as is suggested by the editor in the preface. The book is approximately evenly divided in size between insurance and real estate, but the latter portion must receive the larger share of the praise, and some portions would prove interesting to those engaged in this line of work, and might be read with profit by anyone interested in real property. Several valuable chapters are devoted to contracts, deeds, title insurance and methods of valuation, this latter chapter being particularly interesting, and describing the use of valuation tables. The author realizes the growing importance of title insurance and outlines the business very clearly in a few words, pointing out the advantages over the old methods of searching. The editor was fortunate in securing men with both business experience and ability in teaching to write, and I believe the result would have been better if each had been allowed an entire volume for his subject.

The first half of the book, dealing with fire insurance, is not complete enough to serve as a text, and too elementary for any other purpose. After an introduction in the form of a historical sketch of the business, the plan of arrangement has evidently been to follow the steps taken in the formation of an insurance contract, beginning with the application. The plan is followed out until we reach the policy contract, several good chapters on inspection of risks and rating being introduced, but having arrived at the policy, the most important part of the subject to the general reader, the property owner, real estate man, and probably also the insurance man, this subject is inadequately covered. With the exception of the chapter on the Dean Schedule, everything is clearly explained and understandable, and the principal fault is incompleteness. The Dean Schedule is a difficult subject to treat in an elementary book, and might profitably have been omitted to make room for other more necessary parts of the business.

The objections noted above would probably have been removed had the author had more space at his command, and the volume as it is may prove profitable to those just beginning their study of these businesses.

ROBERT RIEGEL.

University of Pennsylvania.

Kellicott, William E. *The Social Direction of Human Evolution*. Pp. xii, 249. Price, \$1.50. New York: D. Appleton & Co., 1911.

The author is Professor of Biology at Goucher College. Last year he delivered three lectures at Oberlin College, which expanded and enlarged form the text. The chapters are headed—I. The Sources and Aims of the Science of Eugenics; II. The Biological Foundations of Eugenics; III. Human Heredity and the Eugenics Program.

(952)

For many years in England, for a few here, biologists and social students have increasingly felt that the time was close at hand when some attention should be paid to Eugenics. Modern biology has discovered so much—is apparently on the eve of larger discoveries—of the processes of heredity that practical application must follow. These discoveries Professor Kellicott has outlined and the evidence offered will be of great interest to the general student. A large number of tables and charts are given. One does not need to be a biologist to follow the author though in a few places—for instance where he is discussing the biometrical work of Pearson and Galton I fear he is a bit abstruse. At times the text is loose jointed. Apart from these minor defects the volume is to be highly commended. There must be many in this country who have heard enough of these questions to wish some more general statement. To such this book will be welcome.

Professor Kellicott is, in biology, a follower of Mendel and De Vries yet he does not hide the fact that there is still much disagreement about some of the questions involved nor the universal ignorance about many matters of great importance. He may perhaps overestimate the extent to which social conditions result in the restriction of the birth rate among the physically competent and further it among the unfit. That there is a great reproduction of the unfit which should be prevented is unquestionable and the author's evidence and arguments are to the point. His caution that we must not expect to change the nature of people merely by changing life conditions is pertinent and timely. His plea that the development of the race should be conscious is indicative of the newer attitude.

CARL KELSEY.

University of Pennsylvania.

McCall, S. W. *The Business of Congress*. Pp. vii, 215. Price, \$1.50. New York: Columbia University Press, 1911.

This volume presents in revised form a course of lectures delivered by the author before Columbia University during the winter of 1908-09. It embodies a detailed analysis of the process of legislation in the houses of Congress. The important changes in the rules made between the time of the lectures and the convening of the Sixty-second Congress are given in footnotes. The book belongs to that class of works which seek to determine the practice of our governing bodies, rather than the theory or constitutional law of their functions and inter-relations. Every such corrective of misleading ideas so frequently derived from the latter, and more common, type of treatment, is to be welcomed. And though the sum of information here presented does not add greatly to what may be separately obtained from such works as Follet's "Speaker" and McConachie's "Congressional Committees," it is convenient to have this information compressed into one volume. Moreover, the author is able to illuminate his account by observations from his own experience in the lower house. At the same time, the fact that his experience had been with a party so long in control of Congress, may explain the generally vindictory attitude with which he regards

those elements of procedure that offer such serviceable tools to the majority in summarily over-riding the minority. It is not to be objected that he has pointed out that a potentially restrictive procedure is inevitable in a body of the size and character of our lower house. But it does not seem impossible that statesmen may yet develop a procedure which will be able to circumvent mere selfishly partisan obstruction, and at the same time leave opportunity for individual responsibility and truly deliberative discussion.

We miss also in these lectures an explanation of the determining influence which the development of procedure has had in modifying the nature of our government as to source and method of political control; to what extent, for example, the speaker, or the committees, are agencies of party government, or means of Congressional supremacy along certain lines.

However, in the final chapter, on "Results," we have interesting criticism upon certain other tendencies—notably, the extravagance of Congress, and the extension of executive power in legislation. Furthermore, his argument in support of a suggestion for the admission of cabinet members to the floors of Congress, with all essential privileges of members, save that of voting, seems solid.

F. W. COKER.

Princeton University.

McFarland, Raymond. *A History of the New England Fisheries.* Pp. 457. Price, \$2.00. New York: D. Appleton & Co., 1911.

Few phases of industry in this country have had greater historical significance than that which attaches to the New England fishing interests. For New England itself the fisheries were long of great economic importance, and for some large districts they still exert much influence over the life of the people. The history of some of the larger phases of the industry as the whale fishery, has been told by various authors, but no one has heretofore covered the many lesser branches. Unavailable government reports have been about the only literature on these subjects.

This volume begins with a survey of the fishing grounds of the North Atlantic, discusses briefly the pre-colonial fishing in those waters, and then traces the history of the industry down to the present time. Special chapters are devoted to the fisheries for herring, shell fish, mackerel and cod, to the methods of inshore and of deep sea fishing, to the decadence of deep sea fishing, to the evolution of the modern fishing vessel, and to the century old fisheries question. Maps showing various fishing grounds and the privileges acquired by the treaty of 1818 supplement the text. There is a bibliography of nearly thirty pages, an appendix presenting various tables of statistics, and a very welcome addition of the award of the Hague tribunal on the Atlantic coast fisheries question.

Out of a tremendous mass of detail, from records and sources not always readily available, the author has added a most interesting volume to the studies in the history of this country. The student of history or of economic

development should find it very helpful, while the average reader, for whom it is really intended, will find its pages far from being dull.

WALTER S. TOWER.

University of Chicago.

Reid, G. Archdall. *The Laws of Heredity*. Pp. ix, 548. Price, \$5.00. New York: Macmillan Company, 1910.

A few years ago I had the opportunity of making mention in this book department of a volume by Dr. Reid, "Principles of Heredity." In many ways this later work is a decided advance on the older. In fact I know no recent volume in the biological field in which there is a clearer perception of the far-reaching influences of the newer facts upon social policies, nor one in which so many different questions of fact are discussed. I do not say that all of Dr. Reid's hypotheses will stand, but they do make one think—no mean accomplishment incidentally.

The author is not presenting studies of new laboratory experiments, but writes as an observer. To the defense of these methods he devotes too much attention. Our own space does not permit any detailed analysis of the author's arguments and a brief summary of some of his conclusions must suffice.

"Except actual injuries . . . all the characters of living beings result from an interaction between the hereditary tendencies or potentialities of the individual and stimuli which awaken them to activity." . . . "I have roughly grouped under the head of nutriment all stimuli save use and injury." Present biology is wrong in distinguishing *inborn* and *acquired* characters. "The so-called acquirements arise under the stimulus of use or injury: the so-called inborn characters under other stimuli, especially that of nutriment." Hence "the characters which arise under the stimulus of use or injury in the parents are not reproduced in the child under the stimulus of nutriment." In his opinion natural selection has played the great role and he does not think that Mendel's discoveries, or the mutation theory are of great importance. He would emphasize *retrogressive* variation as over against the *progressive* so much discussed by other writers.

This biological side is developed in the first ten chapters. Thereafter the author turns to human beings to see what evidence is offered and what programs may be suggested. Disease, alcohol, idealism, mind and body, memory, intemperance and insanity, and education are among the topics treated, in suggestive fashion.

The main conclusion of the book with reference to the laws of heredity is: "of these laws, if any of them are real laws, the most important from the scientific standpoint, because the most basic, is the generalization that the vast majority of variations are under the immediate control of natural selection, and are therefore spontaneous in the sense that they arise independently of the direct action of the environment, and that on these spontaneous variations only is evolution built; for they only are products of the

normal growth and change of the germ plasm, all others being results of injury to it. If this be a truth, the close and continuous adaptation of persisting species to their environment necessarily follows. On the other hand, the conclusion that the 'acquirements' of the individual are as much a part of his inheritance as his 'inborn' traits is, from the practical standpoint, the most important of all." Such a conclusion certainly challenges thought. The volume will be invigorating and stimulating whether the conclusion be accepted or not.

CARL KELSEY.

University of Pennsylvania.

Reinsch, Paul S. (Ed.). *Readings on American State Government*. Pp. vi, 473. Price, \$2.25. Boston: Ginn & Co., 1911.

This book supplements the volume of "Readings on American Federal Government" by the same editor; and consists, like the former work, of a series of selected articles and addresses by various writers grouped under a number of topics. The present volume is but little more than half the size of the earlier book, and makes a more usable book. The selections also appear to have been made with more care, and form a useful collection of readings in a field where it has been difficult to find material which can readily be used in large classes.

Comparing the two volumes further, there is a striking difference in the general character of the selections. While the readings on federal government were mostly chosen from the writings or speeches of men in official position, those on state government are for the most part by non-official persons. There are, however, fifteen of the sixty-two selections from the messages and addresses of state governors—six by La Follette, three by Folk, two by Russell, of Massachusetts, and one each by Willson (Kentucky), McLean (Connecticut), Hughes (New York) and Garvin (Rhode Island). Other men in public positions who are quoted include Judge Baldwin, Senator Bourne, Elihu Root and William H. Taft.

About a dozen selections are taken from addresses before bar association meetings, a source seldom used by the student of government. Others are from articles in scientific periodicals; some are from the more popular magazines, and in a few cases extracts have been taken from daily newspapers.

Both of Professor Reinsch's volumes of readings differ distinctly from the "Readings on American Government and Politics" by Professor Beard. The latter are mainly extracts from official documents, and are often illustrations of certain forms of official action. Reinsch's readings are more extended discussions of political tendencies and public problems. Both classes of selections are valuable supplements to the text-book; and with these volumes the instructor in a course on American government has now at his command a considerable body of material for his students. The general reader will also find that these selections will add a good deal

to his information on the actual working of American government at the present time.

A bibliographical note to the "Readings on State Government," by William L. Bailey, presents the principal sources of material for the study of American state government.

JOHN A. FAIRLIE.

University of Illinois.

Seligman, E. R. A. *The Income Tax.* Pp. xi, 711. Price, \$3.00. New York: Macmillan Company, 1911.

Professor Seligman's book on "The Income Tax" has a practical purpose, and as such makes an appeal to the legislator and tax administrator quite above most books on the subject. He recognizes the coming of an income tax and the necessity of having a workable scheme on which to base it. In consequence, the book deals with the problem and the practical program as the beginning and end of the volume, but supplements these by the recital of experiences in the United States, before and after the Revolution, and the results of income tax legislation in England, Germany, France and other European countries.

The fact that several books could appear within a year of each other upon the subject of the income tax is an indication of a new public interest in a subject toward which great hostility existed less than twenty years ago. This undoubtedly is to be taken as a sign for encouragement by the watchers in the towers, which justifies the passing beyond the old mooted question of "faculty to pay" to an actual program. It is here the reviewer's interest rests, and I have no doubt Professor Seligman's, since the well presented historical material can but point the moral.

State income taxes have been tried and found wanting. Their defect has been insufficient authority on one hand, and the changing and shifting nature of modern property and income on the other; yet the states have the burden of local development to bear and their need of income grows with the passage of every day. The constructors of most programs of tax reform have failed to consider the problem from this point of view, and have turned administration and receipts over to the federal government. Professor Seligman is willing that the federal government shall collect the tax and the states have the major part of the income.¹ Considering the burdens of taxation and the necessities of the case, this is a fair distribution; any other provision for the use of the tax would place the states in a position of having everything to lose, since, in the opinion of the reviewer, their fiscal systems depend upon such distribution.

Space forbids adequate consideration of this interesting and suggestive book, in which is presented for the first time a program of tax reform that may be branded as really workable.

FRANK L. McVEY.

University of North Dakota.

¹ *Vide* Seligman's "The Income Tax," p. 656.

Solenberger, Alice W. *One Thousand Homeless Men.* Pp. xxiv, 374. Price, \$1.25. New York: Charities Publication Committee, 1911.

In 1900 the writer, then Miss Alice Willard, was in charge of a district office of the Chicago Bureau of Charities. Within the boundaries of the district and immediately adjoining was the great lodging house section of the city. In this way Miss Willard came to have constant contact with homeless boys and men. With passing months came the realization that the customary methods of handling the cases were pitifully inadequate and real knowledge of causes almost non-existent. Thus began the study which was maintained after her marriage and in spite of family cares for ten years. Her untimely death in December, 1910, found the volume practically completed save for a preface and a chapter summarizing conclusions.

The absence of a good summary of the author's conclusions is the most marked defect of the book, because of the confusion left in the reader's mind. That is to say, the volume is effective in making us realize the social neglect. It teems with good suggestions which are not correlated. The tone is intensely sympathetic, we realize that human beings are under discussion and we often catch their viewpoint. No single remedy is suggested, and I chance to know that the author did not think there was any one way out. The study stands almost alone and possesses, therefore, peculiar value.

Certain general facts stand out in bold relief. It must always happen that some boys will become dissatisfied at home. It is, however, too easy for such boys to run away. The railroads should be closed to wanderers irrespective of age. Once on the road tramps will initiate boys into all sorts of evil practices. Arrived at the city, it is discovered that it is not easy to earn a decent living. Individual citizens and agencies are too prone to act on impulse without proper knowledge. Our relief program is haphazard, not systematic. Some get back home, some become tramps, some mere beggars.

Sickness, accident, the increasing difficulty of securing employment, with oncoming of old age, play their part. There are varying degrees of mental strength as well as of physical vigor. Lodging house life devitalizes men and exposes them to disease. Those of decent past shrink from the degrading contact of the average almshouse. Result: a great mass of social wreckage. Some of this can be saved—much might have been prevented.

The reader will find in these pages many evidences that better training for life work will prevent trouble later. It is evident that we are penny wise and pound foolish in much of our relief work. Labor colonies are necessary.

The book is a valuable contribution. It will repay careful reading and give rise to much meditation.

CARL KELSEY.

University of Pennsylvania.

Spaight, J. M. *War Rights on Land.* Pp. xii, 520. Price, \$3.75. New York: Macmillan Company, 1911.

Dr. Spaight has given us a most scholarly and practical treatise on the law of war on land. In the main he has followed the arrangement of the Hague Regulation on that subject, and in thirteen chapters takes up The Commencement of Hostilities, The Qualifications of Belligerents, Hostilities, Spies, Flags of Truce, Armistices, Capitulations, Prisoners of War, Military Authority over the Territory of the Hostile State, The Geneva Convention, The Sanction of the Laws of War. A final chapter is devoted to the Neutrality Convention adopted at the Hague in 1907.

At the commencement of each chapter the appropriate provisions of the "conventional law of war" are given. The author then proceeds to explain their meaning and to offer suggestions in the case of certain omissions. The experiences of the wars of the last fifty years have been searched to throw light upon doubtful points, and footnotes, well selected, abound, from which might perhaps be made a comprehensive bibliography which has been omitted from the book. To mention at the same time another defect, the index is meagre; for example on page 65, begins an interesting discussion with respect to the employment of semi-civilized troops, but, the index does not contain the important words "savages," "negroes," or "Indians" yet, it does contain the much less important words "Cossacks and Circassians." These, however, are mere questions of detail and, in truth, the arrangement is so logical that a good index is not much needed. If we take the chapter on the Qualifications of Belligerents, at the head we find the first three articles of the Hague Reglement. Then examples and extracts from proclamations show how and to what extent combatants are separated from those who take no part in the hostile operations. The author says (page 37): "The separation of armies and peaceful inhabitants into two distinct classes is perhaps the greatest triumph of International Law." A few pages further along (page 41) the fundamental opposition between the great powers and the smaller states is shown. The former having "adopted universal service would confine belligerent rights to properly organized armies, whether in peace time, or supplemented by reservists on mobilization. The nations who have not established conscription regard such a view as fatal to the cause of national defense."

This divergence of view is the reason for the dispute, as to the right of unorganized populations which rise *en masse* at the approach of the invader to be treated as belligerents. If anyone would understand the thousand and one difficulties which beset the interpretation of almost every important regulation of international law let him read Dr. Spaight's luminous and impartial discussion of this most vital point. The status of guerrilla warfare and the employment of semi-civilized troops are two other question of the right to belligerent treatment.

There can be no doubt but that this work on the War Rights on Land is a very important contribution to the science of the subject. While the destiny of nations does not hang upon the interpretation of these rules

to the same extent as upon the rules relating to the war on sea it is, nevertheless true that a more correct understanding and application of them in any future wars will save an enormous and entirely unnecessary waste of life and property.

The author does not attempt to dodge but brings his learning and his critical faculties to the solution of every question. I am familiar with no work which seems actuated by a spirit of greater fairness. Extensive as is the treatment, Dr. Spaight does not attempt to cover the whole field of the Law of War but states (page 28): "I have therefore purposely confined myself to the consideration of such questions only as would probably come under the purview of such an adviser. [As the legal advisers which accompanied the Japanese armies in the field.] The questions I deal with are those which might arise, they have not all arisen in anyone war, and require to be answered on the spot, without reference to the home government."

ELLERY C. STOWELL.

University of Pennsylvania.

Spargo, John. *Sidelights on Contemporary Socialism.* Pp. 154. Price, \$1.00. New York: B. W. Huebsch, 1911.

Macdonald, J. R. *The Socialist Movement.* Pp. xiii, 256. Price, 75 cents. New York: Henry Holt & Co., 1911.

Mr. Spargo's volume, written primarily for socialists, is made up of three lectures which he has delivered from time to time in different parts of the United States. In these lectures he has undertaken three distinct tasks: (1) to free Marx of the charge of being a materialist; (2) to attack the position of those who object to the active participation in the socialist movement of those who are not manual laborers, *i. e.*, "intellectuals;" and (3) to define his position on the "relative merits of the two wings of the socialist movement broadly designated as 'opportunist' and 'revolutionary.'"

Mr. Spargo is an opportunist, and in this volume he has given us a most interesting and scholarly discussion of the above matters from that point of view, a discussion which is indeed a distinct contribution to the literature of socialism.

"The Socialist Movement," by Mr. Macdonald, however, is not such an excellent piece of work. It is as satisfactory as that type of volume usually is, but it lacks originality and attempts to discuss too many phases of the socialist propaganda.

The book is divided into four parts: (1) a brief statement of the evolution of political, industrial and social institutions; (2) an exposition of the socialist criticism of the capitalistic system; (3) an explanation of what socialism is and what it seeks to accomplish; and (4) a short history of the socialist movement and a sketchy statement of its present strength throughout the world.

The volume will prove most acceptable for propaganda purposes. This no doubt will fulfil the hope of its author, but it can make no claim to

originality either in argument or in the manner in which the subject has been treated.

IRA B. CROSS.

Stanford University.

Taylor, Hannis. *The Origin and Growth of the American Constitution.* Pp. xlii, 676. Price, \$4.00. Boston: Houghton, Mifflin Company, 1911.

Three years ago Mr. Taylor, in a chapter of his *Science of Jurisprudence* gave a discussion of the Contributions of America to Jurisprudence, the point of interest in which was his defense of the claims of Peletiah Webster to the authorship of our federal form of government. Though the scope of the discussion has been broadened "The Origin and Growth of the American Constitution" is chiefly notable for its exhaustive analysis of the work of the man whose "great discovery in modern political science" has been largely unrecognized.

Other writers, Mr. Taylor insists, have either covered their ignorance of the origin of the American system by vague generalities or, overlooking material near at hand, have sought our origins abroad. American constitutional forms are developed, he insists, from American experience. The difficulties of the government under the confederation gave rise to the "totally novel" solution proposed in a document of February sixteenth, 1783, by Peletiah Webster, "a great political economist and retired financier, the Adam Smith of that epoch." On this pamphlet, Mr. Taylor argues were based the three plans of Madison, Pinckney and Hamilton. Webster's right to be considered the real author of American federalism, "the author was the first to work out. It really involved no great amount either of study or research; there was really no opposing theory. . . . And yet there is still here and there an ancient jurist or statesman . . . who resents any attempt to disturb the illusions of his earlier years. Peletiah Webster's *alma mater*, the University of Yale, still treats with scornful silence the fame of her immortal son. In all this there is nothing out of the usual course." The first half of the treatise after tracing the New England town meeting back to the German assemblies discussed by Cæsar and Tacitus, with which they are asserted to be organically connected, outlines the evolution of American governments, and their attempts at co-operation, culminating in the constitutional convention of 1787. The latter is treated at length with special reference to the influence of Webster's pamphlet.

It will appear to most readers that Mr. Taylor, having cast aside the "inspiration" theory of the constitution, advocated by Gladstone and finding insufficient the explanation from the basis of foreign experience, has himself fallen into another error—that of hero-worship. That Webster's pamphlet did clearly outline the division of federal and state powers on much the same lines as were later adopted may be admitted. His contemporaries give him credit for what he has contributed, though not in the explicit way Mr. Taylor might wish.

The American sources upon which the author relies do not show so clear

cut a picture as he draws. The period of the confederation was a time of constitution making in the states, the question of division of power between nation and states was widely discussed, and at least one other man, Noah Webster, felt that he was entitled to the credit for suggesting the division of powers between the central and local governments. The idea was in any case only partly new, as is shown for example in Fisher's review of American material in his *Evolution of the Constitution of the United States*.

The latter portion of the book shows better balance. It traces the influence of slavery on our constitutional growth, the development of the interpretation of the constitution by the Supreme Court before the Civil War, the changes brought by the war amendments, and the constitutional questions raised by the Monroe Doctrine, our new colonial responsibilities, and industrial problems. The last chapter gives an argument for increased co-operation to get uniform standards for constitutions and laws in the various states. This development we must have unless our federal constitution can be so modified as to meet the great economic questions which have replaced our former political problems. One hundred and seventy-five pages are devoted to reprints of the most important documents connected with the growth of our constitution.

CHESTER LLOYD JONES.

University of Wisconsin.

Webb, Sydney, and Beatrice. *The History of Trade Unionism*. Pp. lxviii, 558. Price, \$2.60. New York: Longmans, Green & Co., 1911.

A new edition (tenth thousand) of that authoritative volume, "The History of Trade Unionism," by Sydney and Beatrice Webb, has just been issued by Longmans, Green and Company. No revision of the text has been made, for, as the authors state, "our subsequent investigations and readings give us no occasion to alter what we wrote in 1894." They have, however, written a new introductory chapter in which, in addition to indicating most excellently, although all too briefly, in what respects the position of trade unionism has changed since the publication of the first edition of the book, they have discussed at great length the momentous decision of the House of Lords in the case of *Osborne vs. The Amalgamated Society of Railway Servants*.

In the *Osborne Judgment* the Law Lords formally held that a trade union "could be restrained from making a levy upon its members (and from using any of its funds) for the purpose of supporting the Labor party or maintaining members of Parliament." This followed directly from their decision that all trade unions must be deemed to be corporate bodies whose powers and privileges are determined by the definition of a trade union which Parliament incorporated in the Trade Union Act of 1876. The importance of the decision is realized only when it is noted "how extensive and how varied are the actually existing operations of trade unions that are now rendered illegal," because they were not included in the above-mentioned Parliamentary definition. After severely criticising the position taken by the Law

Lords, the authors declare that the decision has "created an intolerable situation which Parliament will quite inevitably be driven to remedy," just as was the case in 1871-6 and again in 1906, when it rescued "the unions from the narrow views taken by the judges."

Regarding the matter of trade union membership the authors state that at the end of 1910 it exceeded two and a quarter millions, a total surpassed only by that of 1907, when the membership stood at 2,406,746. The distribution of trade unionism among the various industries remains much as it was in 1894, "with the significant exception that the increase has been greatest in the trades and in the districts which were already most effectively organized." The geographical distribution of membership also remains practically the same, "except that the rural districts are more than ever destitute, and the great industrial centers better provided than before." The financial position as well as the internal organization of the great trade unions have improved with each succeeding year. Brief comment is also made regarding the growth of federal organization among the unions, the success of political action, the increasing acceptance of the principle of collective bargaining, the outcome of the more important strikes and the changes brought about in the legal status of trade unionism by the late decisions of the House of Lords.

The years following 1894 have been rich with incidents and developments in the trade union world of England, and it is to be regretted that the Webbs have not brought the volume down to date.

IRA B. CROSS.

Stanford University.

Webb, Sydney and Beatrice. *The Prevention of Destitution.* Pp. vi, 348.

Price, \$1.50. New York: Longmans, Green & Co., 1911.

It would hardly be unfair to consider this volume as a continuation of the minority report of the recent poor law commission. The attempt is made to present constructive suggestions as the title suggests. Trenchant criticism of the existing order in England is by no means absent.

Destitution as a disease of society is first considered, and it is shown that the majority of the destitute are such through causes over which they have little control—social maladjustment, Dr. Patten would say. If existing medical knowledge were utilized in *every* case of sickness most of it would be prevented. Why this is not done under England's system is pointed out. The neglect of childhood is a potent factor, and the lack of some uniform plan for the various public activities is set forth. Sweating and unemployment are again mighty causes. "How to Prevent Unemployment and Underemployment," the first long chapter of the volume, is an elaboration of the above mentioned report.

Chapter VII, "Insurance," is probably the most significant in the light of England's program. How insurance may be widely used by the state without becoming a new form of outdoor relief and thus undermining the moral standards is most important. The authors feel that there is "an

obsession of the public mind in favor of insurance." Yet insurance must change to meet the demands of experience, and the Webbs believe that the more compulsory it is the more rapidly will the public see the necessity for a preventive policy.

Chapter VIII, "The Enlarged Sphere of Voluntary Agencies," is a fresh and stimulating discussion. The English development of the charity organization movement is apparently quite different from that in America, though the writers display little familiarity with our situation. The overlapping, lack of wise methods, etc., is justly criticised. Here in America the need of some common register for those relieved is felt and often discussed—to it one chapter is devoted.

Very timely, too, is the closing chapter on "The Moral Factor," for "the researcher and experimenter will have to remember that the worst of the evils which he is seeking to overcome is not the material privation or physical suffering which destitution connotes, but the moral degradation with which it is, in modern communities, almost always accompanied."

The book is written in popular style, with all references at the end of each chapter. It deals primarily with English conditions. Nevertheless, the views presented have a far wider significance, and all Americans dealing with the problems of poverty will get much benefit therefrom. Many of the criticisms apply in America and deserve careful consideration. Many of the positive suggestions do not fit our conditions, as is to be expected. A thoughtful and thought-provoking discussion.

CARL KELSEY.

University of Pennsylvania.

Wehberg, Hans. *Capture in War On Land and Sea.* Pp. xxxv, 228. Price, 5s. London: P. S. King & Son, 1911.

What the armed forces of the belligerents may and may not do with property, public or private, on land or on sea forms the subject matter of this volume. After an interesting historical introduction the author takes up the seizure of property on land with especial reference to the regulations adopted at the two Hague Conferences. The short chapter on railways is particularly interesting.

Dr. Wehberg then passes on to what seems to be his chief interest in the book: "The Necessity for the Abolition of the Law of Prize at Sea." He first devotes a chapter to the reasons for the retention of the right of capture, offering arguments in refutation of the reasons as they are passed in review. In the next chapter a general argument for the abolition of the seizure of property at sea is given. Neither the arguments for nor against can be said to show any great originality of subject matter or treatment, but the authorities have been well handled and the opinions and experience of statesmen, jurists, economists, and shipowners have been drawn up. The treatment is logical and not too technical for the comprehension of the general reader.

It is perhaps hardly fair to lay too much emphasis upon certain faults

of construction, as that the authorities are not always well selected. Because an individual has written an imposing looking treatise on international law it does not follow that it is worth the notice of serious students. With obvious inconsistency the author contends (p. 143) that England would not be especially vulnerable because of the capture of her merchant ships by the enemy, yet further along (p. 173) the following statement is made: "While, then, the trade of other belligerent powers can mostly be taken over by other and neutral marines, this is not possible to the same degree for England. That country will thus be forced to carry on its trade partly with its own vessels, and that means a special prospect of capture for the English ships."

American readers will be shocked to find the great Wheaton called an Englishman (p. 113) and the foreign trade of the United States left out of a table which includes Finland, Norway, and Greece. However, their patriotic pride cannot but be touched by the closing sentence of the book: "In spite of all past failures one may, believing in the continued evolution of all human institutions, express the hope that at no very distant date, under the firm guidance of North America, the powers will pursue the course laid down for them not only by humane considerations, but also by modern conceptions of the nature of war."

ELLERY C. STOWELL.

University of Pennsylvania.

Wilcox, Delos F. *Municipal Franchises.* Vol. II. Pp. xxi, 885. Price, \$5.00.

New York: Engineering News Company, 1911.

In spite of the widespread public interest in all questions affecting the relation of the municipality to public utilities, there has been but little attempt to give a systematic presentation of the subject. It is true that every work dealing with municipal government has attempted some discussion of the questions involved, and a number of legal treatises such as Foote and Everett's "Law of Incorporated Companies Operating Under Municipal Franchises" have dealt with the juristic aspects of the question.

The work of Dr. Wilcox, of which the second volume has just appeared, is the first attempt to present a thorough discussion of every aspect of the relation of municipalities to quasi-public works. In subjecting these questions to careful, unprejudiced scientific analysis Dr. Wilcox has done a service not only to students of municipal affairs, but also to a great number of state and municipal officials who are compelled to deal in a practical way with these questions.

The first volume contained some introductory chapters on the legal nature of the franchise, the method of acquiring franchise rights and the limitation of monopoly profits, but the greater portion of the work (Chapters VI to XXI, inclusive) was devoted to a careful analysis of typical franchises, including electric light, heat and power, telephone, telegraph, water, sewer, refrigeration, pneumatic, oil pipe and artificial and natural gas.

The greater part of Vol. II (Chapters XXII to XXXVIII, inclusive) deals

with transportation franchises. In view of the fact that most of the unsettled questions in franchise policy relate to transportation problems, it is likely that Vol. II will be received with even greater interest than Vol. I. Throughout the discussion of the questions involved, Dr. Wilcox has shown admirable ability to balance what may be termed the purely fiscal or financial and the broader social factors involved in the relation between the municipality and public utilities. His breadth of treatment is manifested by the fact that in every instance he gives due weight to the social influences which must be kept in view in the adjustment of the relation between the municipality and its transportation system.

The greater portion of Part IV (Chapters XXXIX to XL, inclusive) is devoted to the question of taxation and control of public utilities. In this portion of the work the author reviews the experience of the several states in attempting to control the organization, finances, accounts and operation of transportation companies. A careful and a thorough analysis of one of the most difficult questions involved, namely, the question of the reversion or purchase of the plant at the close of the franchise period, is contained in Chapter XL.

Of more than ordinary interest is the final chapter of the work, which deals with the question of municipal ownership. In a comparatively brief chapter the author examines the question from both the political and financial points of view. His treatment of the subject shows clearly how difficult it is to make any *a priori* statement of the case for or against municipal ownership and operation. The question is one which will receive a different answer at different periods, and in different cities at the same period.

Without attempting to dogmatize on the subject Dr. Wilcox takes the position that every city should so arrange its relation with public service corporations as to make possible both municipal ownership and operation. In furtherance of this purpose he gives the following sane and wholesome advice to every municipality:

"First.—Clear away all legal and constitutional obstacles to municipal ownership and operation, so that each city will have a free hand in dealing with the matter.

"Second.—Tax and regulate the life out of perpetual franchises until the companies are willing to give them up for indeterminate grants with a reservation to the city of the option to purchase.

"Third.—In every new franchise, and in franchise readjustments make provision for the amortization of existing capital value, so that when the city gets ready to take over the property, it will not be prevented by the necessity of assuming a burden of debt that is impossible.

"Fourth.—Establish public utility commissions or departments, franchise and accounting bureaus, and other agencies through which the cities will be acquiring knowledge and training men against the day when public utilities may be acquired for municipal operation.

"Fifth.—Remove the curse from municipal government as rapidly as pos-

sible by establishing effective responsibility and cultivating efficiency and constructive civic statesmanship.

"Sixth.—Take a wide look around and a long look ahead, link up the problem of municipal franchises with the national conservation movement and kindle a fire under every sleepy citizen till even the street gamins, the club women and the great merchants on Broadway know what a franchise signifies."

L. S. ROWE.

University of Pennsylvania.

Willoughby, W. W. *The Constitutional Law of the United States.* Two vols. Pp. cxv, 1390. New York: Baker, Voorhees & Co., 1910.

Unlike the majority of writers on our constitution, Mr. Willoughby does not follow the order of its text in his arrangement of material. Unlike too many also he does not shirk the consideration of "controverted questions." These characteristics impress the reader throughout the two comprehensive volumes which comprise the work. Both indicate vigor of thought and the belief that the constitution though "rigid" must grow with the development of our social and economic life. The subject matter is discussed not historically but organically. Those parts of the constitution which by nature belong together are discussed together. Due process for example is not parcelled between the discussion on obligation of contracts and the fifth and fourteenth amendments. Especially the parts of the constitution undergoing contemporary interpretations, the commerce clause, division of powers, the power to acquire territory and the relation of the constitution to acquired territory are investigated. Such a treatment makes these volumes interesting not only to the practicing lawyer but of unusual importance for those who are interested in constitutional law as an outgrowth of our national life. So far as possible the interpretation which the courts have given to the various clauses of the constitution is given in the words of the court.

Volume I opens with a discussion of the principles of constitutional construction, the division of sovereignty between the states and the federal government, and the maintenance of the supremacy of the federal government within the sphere assigned to it by the constitution. The veiled supervision of even internal state activities allowed by the supreme court's interpretation of the fourteenth amendment is followed by the discussion of the relations of the states to each other, to citizens of other states and to American citizens in general. Next is considered the power of the government over territory not states and individuals who are subjects but not citizens. The discussion of the territorial governments is broadened beyond a treatment of their purely legal status to include a review and estimate of our historical policy in handling new territory. This serves as a logical introduction to the consideration of the status of the island possessions and the perplexing declarations of the supreme court as to the state of their inhabitants. An interesting chapter deals with what the author calls "presidential governments" which refers here not to the form of organization but to the source of authority—govern-

ments formed in territories under command of the president before congressional action has been taken.

International relations and the treaty making power are reviewed with special consideration of the limits of the latter. The author is inclined to give a wide extent to the treaty power—he believes that the supreme court will finally come to the frank avowal that the reserved rights of the states may be overridden by treaty, though he says that this does not mean that there cannot be a treaty which the courts would declare unconstitutional. In handling such questions the courts will act *bona fide* and not allow a treaty to change the fundamental character of the government. The volume closes with a discussion of elections, legislative procedure and taxation.

The chief subjects of the second volume are interstate commerce and the prohibitions which the constitution places upon Congress and the states. The review of the development of our present definition of commerce, and the decisions in the lottery, liquor and oleomargarine cases have largely become a matter of history but the chapter on federal control deals with material of comparatively recent date in which the final holdings of the court are still in doubt on many points.

The history of federal legislation on commerce is traced through the acts of 1908 and the decisions from the Knight case through the various modifications introduced by the courts culminating in the Danbury Hatters' case are reviewed. An independent discussion of the relations of trade unions to interstate commerce and the power of Congress to charter corporations to engage in interstate and intra-state commerce gives some interesting points of view as to the extent and nature of the federal power.

The latter half of Volume II is devoted to an exposition of some of the less evident but to the constitutional lawyer often highly important features of our constitutional law. The position of the judiciary as to political questions, interstate suits, suits against states, admiralty and maritime jurisdiction, appointment and removal of officers, military and martial law, the conclusiveness of administrative determinations, are titles which will serve to indicate the character of the questions which though technical are often of supreme importance in determining rights to which they seem at first to have but remote relation.

A brief review can only point out a few of the salient points of such a comprehensive work as this. In its scholarly and judicial treatment of our constitution it is not equalled by any recent treatise. It combines the exactness demanded of our best legal works with an appreciation of the larger application of our constitution as a mode of life as well as a rule of law. There are select tables of cases and a comprehensive index.

CHESTER LLOYD JONES.

University of Wisconsin.

Woodruff, Clinton Rogers. (Ed.). *City Government by Commission*. Pp. xii, 381. Price, \$1.50. New York: D. Appleton & Co., 1911.

The publication committee of the National Municipal League, composed of
(968)

Professors Albert Bushnell Hart, Charles A. Beard, William Bennett Munro, Leo S. Rowe, with Clinton Rogers Woodruff as chairman, have planned a series of volumes to be known as the National Municipal League Series. The volumes are to be based, in part at least, upon the papers that have been read and the discussions that have taken place at the annual meetings of the league. The editor of each is given complete freedom as to his volume, including the freedom to write such chapters as he wishes and to select such papers as he deems most valuable. Such a plan ought to secure a well planned and valuable series, and give a wider circulation to the many able papers that have been prepared under the auspices of the National Municipal League.

"City Government by Commission" is the first of the series to appear. Of the seventeen chapters in the volume, the editor has written nine. The remaining chapters are written by Prof. William Bennett Munro, Oswald Ryan, Dr. Ernest S. Bradford, Ansley Wilcox, Horace E. Deming, Knowlton Mixer, Rear Admiral F. E. Chadwick and Prof. Albert Bushnell Hart. The growth of the commission movement and the principles involved in the commission plan are clearly and adequately discussed. Leading types of commission plans and salient provisions of commission statutes and charters are interestingly described and analyzed. The arguments for and against the commission plan are succinctly stated. Its applicability to large cities is ably discussed both pro and con. The results of the plan in certain cities, especially in Texas and Iowa cities, are given. These results are based upon the material furnished by those thoroughly conversant with the local situation in each of the cities.

The editor concludes that commission government has so far been distinctly successful. Its success he attributes to "two fundamental essentials to successful municipal government: simplicity and concentration of authority and responsibility." The book gives an able, readable and comprehensive description of the commission plan, its accomplishments and its future. It sets a high standard for succeeding volumes in the series.

Three other volume in the series will soon be ready for the press. These have to do with "The Regulation of Municipal Utilities," "The Initiative, Referendum and Recall" and "Constitutional Municipal Home Rule." Four other volumes are planned, dealing respectively with "Municipal Recreation," "City Planning," "Municipal Health and Sanitation" and "City Finances." The series thus promises to give timely and adequate discussions of vital municipal problems.

CLYDE L. KING.

University of Pennsylvania.

Woodruff, Clinton Rogers (Ed.). *Proceedings of the Buffalo Conference for Good City Government and the Sixteenth Annual Meeting of the National Municipal League*. Pp. vi, 587. Price, \$4.00. Philadelphia: National Municipal League, 1910.

The marked characteristic of this volume is its freedom from the platitudinous

prattle that too often characterizes the papers and work of those interested in bettering municipal conditions. Of the twenty-five formal articles in the volume not one is unworthy of the league's high standing and efficient work. Not only are the articles free from tiresome platitudes, but they are specific, concrete, scholarly, written by men thoroughly versed in their subjects, yet so written as to be of value alike to the layman and the specialist. Articles of this type are those by Dr. William F. Willoughby on "The Correlation of Financial and Physical Statistics of Cities," by Dr. L. F. Fuld on "Police Administration," by Harvey S. Chase on "Budgets and Balance Sheets," by Dr. Delos F. Wilcox on "Elements of a Conservative Franchise Policy," and by Charles F. Gettemy on "The Standardizing of Municipal Accounts and Statistics in Massachusetts."

Four other papers, also of high standard, are especially worthy of mention because they deal with the newer municipal problems, pointing the way to new emphasis or new methods of municipal activity. These are Dr. E. S. Bradford's inclusive article on "A Comparison of Commission Forms of Government to Date," William Dudley Foulke's article on "Conservation in Municipalities," Edward J. Ward's report on the "Work of the School Extension Committee," and John Martin's suggestive paper on "The Unearned Increment in Municipalities." This last article is of timely significance to every one interested, not only in equitable taxation, but in civic and social justice and betterment. It deals with a problem already too long neglected.

There are other articles of deep import, such as five excellent studies of local franchise situations, studies needed for the enrichment of the literature on that subject, and of value in suggesting avenues of activity to other municipalities. Education, nominations, elections, graft, politics, citizenship all receive capable attention.

The volume is characterized by constructive papers by those that are masters of their fields. The general effect therefore, is one of optimism, and portends goodly strides toward efficiency in municipal government—long the goal of the National Municipal League.

CLYDE L. KING.

University of Pennsylvania.

INDEX OF NAMES

ABBREVIATIONS.—In the Index the following abbreviations have been used:
pap., principal paper by the person named; *b.*, review of book of which the person named is the author; *r.*, review by the person named.

Abbott, Grace, 640
 Abbott, L., 646, *b.*
 Adams, E. S., 650, *r.*
 Addams, Jane, 21, 297, *b.*
 Albertson, Judge, 834
 Alexander, S. B., 459
 Allen, S. B., 702
 Allen, W. H., 306, *r.*
 Alston, L., 638, *b.*
 Alvarez, A., 647, *b.*
 Ambler, C. H., 655
 Ames, E. S., 283
 Ames, H. V., 656, *r.*
 Anderson, G. E., 623
 Anderson, G. W., 205-217, *pap.*
 Anderson, O., 918
 Andrew, A. P., 487
 Andrews, J. B., 653, *b.*
 Andros, E., 525
 Angell, J. R., 308
 Aristotle, 308
 Armour, C. W., 841
 Arnold, J. J., 599-609, *pap.*
 Ashe, T., 644
 Asquith, H. H., 88
 Atkin, E. M., 268
 Auld, R. C., 620
 Aupperle, D. W., 767
 Austin, V. E., 896
 Austin, W. T., 896, 897
 Avebury, L., 638, *b.*

Babson, R. W., 473-506, *pap.*
 Bailey, H. T., 308
 Bailey, L. H., 945
 Bailey, W. L., 957
 Bally, W. H., 702
 Baker, F. E., 53
 Baker, H. J., 50
 Baldwin, F. S., 6-14, *pap.*, 57
 Baldwin, J. M., 658
 Baldwin, S. E., 956
 Bannister, W. H., 767
 Barbee, G., 847
 Barnes, J. H., 371, 372
 Barr, R. J., 750
 Barrett, J., 638, *b.*
 Barrows, S. J., 662, 663
 Bartlett, E. T., 235
 Bates, F. G., 719-725, *pap.*
 Bates, L. E., 848
 Bazaine, M., 640
 Beall, J., 460, *et seq.*
 Beard, C. A., 283, *b.*, 956, 969.
 Beaulieu, P. L., 483
 Becker, C. L., 655
 Belcher, R. W., 808
 Benson, A., 231, 232
 Bentham, J., 290
 Bergson, H., 945
 Bernard, L. L., 639

Berry, J. H., 460, 461
 Berry, R. A., 938
 Berryhill, J. G., 673, 700, *et seq.*
 Bingham, H., 945
 Birrell, A., 207
 Bishop, C. A., 715
 Blackburn, Justice, 193
 Bland, T., 644
 Blatchford, R., 296
 Blome, E. J., 644
 Boardman, Mabel T., 90-93, *pap.*
 Bohlen, F. H., 267
 Bolling, R. C., 35-44, *pap.*
 Bourne, J., Jr., 956
 Bowmen, T. K., 847
 Boyd, J. H., 23-30, *pap.*
 Bradford, E. S., 673-681, *pap.*, 969, 970
 Brandeis, L. D., 212, 283, *b.*
 Brewer, D. J., 199
 Briggs, C., 510
 Brockway, Z. R., 662
 Brooke, H., 563
 Brooks, J. G., 86-89, *pap.*
 Broomhall, G. P., 433
 Brosius, M., 459
 Brown, D. A., 841, 843
 Brown, D. W., 648, *b.*
 Brown, E. E., 308
 Brown, J. F., 298, *b.*
 Brown, T. J., 834
 Brown, W. C., 497
 Bruce, C., 649, *b.*
 Bryce, J., 299, *b.*, 315
 Buck, S. J., 655
 Bucklin, J. W., 757-772, *pap.*
 Burleson, A. S., 461, 462
 Burnet, J., 308
 Butterworth, B., 459
 Byington, Margaret F., 657, *b.*

Cable, J. A., 918
 Caesar, 961
 Carhart, E. R., 323, 524-539, *pap.*
 Carlyle, A. J., 300, *b.*
 Carlyle, R. W., 300, *b.*
 Carlyle, T., 83, 290
 Carpenter, D. F., 862-870, *pap.*
 Carter, C. E., 639, *b.*
 Carus, P., 308
 Casey, M. E., 847
 Catlin, S., 510
 Caton, J. E., 918
 Catt, C. C., 947
 Cease, D. L., 45-56, *pap.*
 Chadwick, F. E., 969
 Chamberlain, J., 88, 215
 Chambers, J., 284, *b.*
 Chapin, F. S., 639
 Chapin, J. P., 509
 Chase, H. S., 970
 Cheesborough, E. R., 891-900, *pap.*

Index of Names

- Cheney, H., 271
 Cheyney, E. P., 310, *r.*
 Childs, R. S., 283, 810-822, *pap.*
 Chiral, V., 650, *b.*
 Cicero, 301
 Clark, C. A., 700
 Clark, J. B., 494
 Clark, L. D., 134
 Clary, S., 510
 Clay, A. S., 461
 Clayton, A. P., 839
 Cleveland, F. A., 840
 Coates, G., 950, *b.*
 Cobden, R., 290
 Cockburn, A., 286
 Coffin, J. A., 625
 Coker, F. W., 954, *r.*
 Colby, F. M., 945
 Collier, P., 651, *b.*
 Colquitt, O. B., 898
 Commons, J. R., 653, *b.*
 Conway, F. W., 700
 Conway, T., Jr., 655, *r.*
 Cooper, W. G., 853-861, *pap.*
 Cotton, J. P., Jr., 230-237, *pap.*
 Cowen, W. S., 396-408, *pap.*
 Creelman, J., 312
 Crisp, S., 644
 Cromwell, O., 289
 Crosby, J., 877-883, *pap.*
 Cross, I. B., 308, *r.*, 647, *r.*, 961, *r.*, 963, *r.*
 Culberson, C. A., 461
 Cullen, E. M., 206, 235
 Cummins, A. B., 706
 Curtis, T. J., 275
 Curtis, W. E., 823
 Cushing, C., 286

 Daniels, S. S., 436
 Darwin, C. R., 645
 Davenport, 836
 Davis, D. F., 844
 Davis, J., 461
 Dawson, M. M., 63, 175-183, *pap.*, 263, 665
 Dean, H. E., 918
 Dear, J. A., 778-780, *pap.*
 Decker, P. D., 846
 De Foe, D., 644
 De Garmo, C., 309, *r.*, 661, *r.*
 Delaney, J. C., 108-111, *pap.*
 De Leon, E. W., 15-22, *pap.*
 Deming, H. E., 969
 De Quiros, C. B., 652, *b.*
 De Vries, H., 953
 Dewey, J., 308
 Dewey, R. S., 658
 Dicey, A. V., 130
 Dickson, W. B., 170, 218-224, *pap.*
 Dix, Dorothea L., 662
 Dodd, Agnes F., 945
 Dodd, W. F., 301, *b.*
 Dodge, J. M., 281
 Dolliver, J. P., 301, 392
 Dopp, Katharine E., 299, *r.*
 Dow, A. A., 309
 Drage, G., 639
 Duffy, W. J., 566
 Duggar, J. F., 945, *b.*
 Dulberg, J., 644
 Duncan, J. C., 654, *b.*
 Dunwoody, J. F., 846, 848
 Dwight, T. W., 662
 Dyer, T., 509

 Earle, I. M., 702
 Eastman, Crystal, 98-107, *pap.*

 Edge, W. E., 225-229, *pap.*
 Edgecomb, G. M., 558
 Elliot, C. W., 58, 283, 682, 854
 Emden, Judge, 179
 Emery, H. C., 327, 335, 454, *et seq.*, 522
 Escher, F., 284, *b.*
 Everett, C. E., 965
 Exum, 931

 Fairchild, G. W., 625
 Fairchild, H. P., 656, *b.*
 Fairlie, J. A., 748-756, *pap.*, 957, *r.*
 Farbar, J. H., 901-905, *pap.*
 Farnam, H. W., 18
 Farrand, M., 639
 Farris, F. H., 847
 Fawcett, A. V., 837
 Fear, C. W., 846
 Feig, H., 361, 367
 Fenton, Frances, 639
 Ferrero, G. L., 656, *b.*
 Ferri, E., 652, 657
 Ferris, S., 462
 Flicke, A. D., 284
 Field, S. J., 196, 200
 Fish, H., 286
 Fisher, G. P., 962
 Fisher, I., 473, 483, *et seq.*, 945
 Fisher, L., 896, 897
 Fitch, J. A., 657, *b.*
 Flite, W., 658, *b.*
 Foering, J. O., 566
 Folk, J. W., 843, 956
 Follett, Mary P., 953
 Fontana, D., 309
 Foote, A. R., 965
 Forbes-Lindsay, C. H., 639, *b.*
 Ford, G. S., 655
 Ford, J. W., 50
 Forgan, D. R., 348
 Fort, J. F., 218
 Foulke, W. D., 970
 Frank, R. J., 284, *b.*
 Frankel, L. K., 241-245, *pap.*, 263
 Freer, E. M., 50
 Fuld, L. F., 970

 Galton, F., 289, 953
 Garcia, G., 640, *b.*
 Gardner, C. O., 823-832, *pap.*
 Garofolo, R., 652
 Garrett, W. L., 558
 Garvin, L. F. C., 956
 Gauntlett, F. J., 629, 631
 George, J. Z., 460
 Gernon, J. L., 269
 Gerry, E., 649
 Gettemy, C. F., 970
 Gibbon, I. G., 660, *b.*
 Glde, C., 302
 Gilbertson, H. S., 833-838, *pap.*
 Gill, H. C., 834
 Gillette, E. H., 67
 Gilmore, E. A., 653, *b.*
 Gitteau, W. B., 285, *b.*
 Gittins, G. W., 625, *et seq.*
 Gladstone, W. E., 961
 Glasgow, Dr., 93
 Glenn, J. M., 662
 Godoy, M., 312
 Goodman, A. D., 370, 372
 Goodwin, E. H., 283, 808-815, *pap.*, 840
 Goulden, J., 64
 Grainear, J., 302, *b.*
 Grant, P. S., 285, *b.*
 Gray, H., 197
 Graystone, G. J., 846

Index of Names

Greeley, H., 653
 Green, C. W., 918
 Greenwood, A., 640
 Griesemer, C. L., 346
 Gross, M., 281
 Guerber, H. A., 285, b.
 Hackett, F. W., 286, b.
 Hackett, H. C., 655
 Hadley, H. S., 274, 275, 495, 843
 Haff, D. J., 841
 Hale, W. G., 701
 Hall, G. S., 308, 660, b.
 Hall, J. P., 951, b.
 Hamilton, A., 650, 961
 Hamilton, J. J., 908-916, *pap.*
 Hammond, J. H., 74-75, *pap.*, 86, 170
 Haney, J. P., 309
 Haney, L. H., 945
 Hanford, C. H., 834
 Hanna, J. R., 916
 Hanscom, M. L., 937, 938
 Hapgood, N., 946 b.
 Hard, W., 77
 Hardy, E. R., 952, b.
 Harper, 836
 Harris, H. J., 246-256, *pap.*
 Harris, S., 323, 354-375, *pap.*
 Hart, A. B., 946, 969
 Hart, H. H., 640, b., 661, b., 664
 Hartley, G. D., 304, r.
 Hatch, W. H., 459, 460
 Hatter, D., 968
 Hawkins, K., 846
 Hayes, R. B., 662
 Hayne, A. P., 161
 Haynes, J. C., 546
 Hecker, E. A., 287, b.
 Hedges, J. R., 856
 Hegel, G. W. F., 308
 Henderson, C. R., 661, b.
 Hester, H. G., 422, 427
 Higgins, R. J., 917-921, *pap.*
 Hill, C. E., 922-924, *pap.*
 Hill, J. J., 497
 Hilton, W., 644
 Hirst, F. W., 641, b.
 Hodghead, B. L., 937, 938, 942
 Hoff, C., 938
 Hoffman, F. L., 77, 128
 Holcombe, A. N., 303, b.
 Hollander, J. H., 641, b.
 Holly, C. O., 871-876, *pap.*
 Holmes, J. A., 112-114, *pap.*
 Holmes, O. W., 190, 195, 208, 393, 517
 Homer, T. J., 640
 Horne, H. H., 287, b.
 Howe, J. A., 715
 Howe, W. W., 684
 Huebner, G. G., 610-620, *pap.*
 Huebner, S. S., 319-353, *pap.*
 Hughes, C. E., 206
 Hughes, W. E., 463, 469, 956
 Hull, W., 291
 Humes, G., 846
 Humphrey, G. W., 848
 Humphrey, W. E., 621-637, *pap.*
 Hurd, 179
 Hurd, W., 128
 Husband, J., 641, b.
 Hutchinson, W., 641, b.
 Ilbert, C. P., 642, b.
 Ingalls, J. J., 385
 Ingham, H., 700, 701, 702
 Inglis, J. M., 437
 Jackson, A., 875
 Jackson, C. A., 842

James, E. J., 287, 655
 James, W., 658
 Janney, O. E., 287, b.
 Jastrow, J., 308
 Jefferson, T., 277, 649
 Jenks, J. W., 308
 Johnson, A., 946, b.
 Johnson, C. W., 700
 Johnson, Ellen C., 662
 Johnson, E. R., 312, r., 649, r., 654, r.
 Johnson, R., 288, b.
 Jones, A. L., 308
 Jones, C. L., 301, r., 302, r., 313, r., 648, r., 651, r., 652, r., 962, r., 968, r.
 Jones, M., 846
 Jones, W. C., 935-943, *pap.*
 Kaminer, S., 644, b.
 Kant, I., 308
 Kauffman, R. W., 304, b.
 Keenan, T. V., 64
 Keller, Helen, 308
 Kelley, Florence, 94-97, *pap.*
 Kellicott, W. E., 952, b.
 Kellogg, P. U., 662
 Kelsey, C., 953, r., 956, r., 958, r., 964, r.
 Kemmerer, E. W., 483, 484
 Kempner, I. H., 896, 897
 Kennan, K. K., 306, b.
 Kenyon, L., 519
 King, C. L., 969, r., 970, r.
 Kinley, D., 488, 489
 Kirby, J., Jr., 496
 Knox, P. C., 90
 Koch, Dr., 454
 La Follette, R. M., 956
 Lampe, W. E., 642
 Landa, M. J., 642
 Landes, H. A., 855, 856, 897
 Lane, J., 931
 Lane, T. F., 848
 Laneurville, E., 438
 Lange, H. C., 896
 Larned, J. N., 289, b.
 Laughlin, J. L., 483, 496
 Lawson, T. L., 312
 Le Count, G. M., 437
 Lee, G. G., 558
 Lee, P. R., 298, r.
 Lee, R. F., 846
 Lee, R. H., 649
 Lehmann, F. H., 843
 Le Rossignol, J. E., 206, b.
 Lessing, G. E., 308
 Levy, Florence, 309
 Lewis, W. D., 119-127, *pap.*
 Lichtenberger, J. P., 653, 656, r., 657, r., 664, r.
 Lieber, F., 289, b.
 Liever, Frances, 662
 Lincoln, A., 62, 289, 298, 876
 Lindnor, W., 952, b.
 Lindsay, S. M., 117-118, *pap.*
 Livingston, E., 662
 Loeb, E., 454
 Loeb, I., 848
 Lombroso, C., 652, 657
 Lovelace, F., 293
 Lowell, J. A., 238-240, *pap.*
 Lubbock, J., 638
 Lyle, O. K., 427, 428, 437
 Lynch, C., 91
 Lyon, B. W., 846
 McCall, S. W., 953, b.
 McCarty, D. G., 291, b.
 McClure, W. F., 938

Index of Names

McConachie, L. G., 953
 McCumber, P. J., 385, 389
 McDowell, D. E., 846
 McFarland, R., 954, b.
 McIndoe, H., 846
 McKinley, W., 298
 McLean, G. P., 956
 McPherson, L. G., 292, b.
 McPherson, S., 518
 McVey, F. L., 306, r., 957, r.
 MacCunn, J., 289, b.
 Macdonald, J. R., 960, b.
 Macfarland, H. B. F., 899
 MacGregor, F. H., 726-747, *pap.*, 828
 MacIlwaine, S. W., 643
 Mackinder, H. J., 290, b.
 Macon, R. B., 461, 462
 MacVeagh, F., 3-5, *pap.*, 57
 MacVicar, J., 856, 857
 Madison, J., 961
 Majors, E. W., 848
 Manby, H. W., 63
 Manchester, F. P., 561
 Mangold, G. B., 303, r.
 Marks, M. M., 495
 Marriott, J. A. R., 290, b.
 Marsh, A. R., 571-598, *pap.*
 Martin, J., 970
 Marx, K., 291, b., 960
 Mason, F. H., 297
 Masterman, C. F. G., 291, b.
 Mathews, J. A., 655
 Mathews, J. M., 773-777, *pap.*
 Matthews, S., 190
 Matton, J., 441
 Mazzini, G., 290
 Mendel, D., 953, 955
 Merrill, J. C. F., 319, 323, *et seq.*, 370-395, *pap.*
 Meservey, E. C., 841, 842
 Meyer, A. R., 841
 Mill, J. S., 521, 947, b.
 Milner (Lord), 649
 Minuet, P., 524
 Mitchell, J., 76-82, *pap.*, 128, 132
 Mitchell, W. C., 474
 Mixer, K., 969
 Monroe, P., 308, b.
 Montgomery, H. E., 292, b.
 Montgomery, L. T., 848
 Moore, J., 292, b.
 Morgan, G. H., 540-544, *pap.*
 Morgan, G. T., 57
 Morris, W. A., 293
 Moses, I. E., 624, *et seq.*
 Mudgett, B. D., 422-443, *pap.*
 Mundy, F. W., 293, b.
 Munro, W. B., 969
 Murray, N. C., 409-421, *pap.*
 Mussey, H. R., 643, b.
 Nagel, C., 71-73, *pap.*
 Napoleon, 289, 311
 Neal, G. I., 925-928, *pap.*
 Nearing, S., 658, r., 660, r.
 Neil, Captain, 508
 Neill, C. P., 169-174, *pap.*
 Nelson, S., 196
 Neumeister, W., 293
 Nichols, W. S., 159-165, *pap.*
 Noble, A., 894
 Norman, A. P., 896, 897
 Norton, E. B., 938
 Olin, A. A., 289
 Oldfield, W. A., 462
 Oldmixon, J., 644

Orage, A. R., 947, b.
 Orbaan, J. A. F., 309, b.
 O'Reilly, R. M., 91
 Osborn, H. F., 293
 Ovington, Mary W., 947, b.
 Owen, R., 16
 Packer, L., 184-201, *pap.*
 Palmer, A. M., 59
 Paisits, V. H., 293, b.
 Parker, C., 444-472, *pap.*
 Passy, F., 130
 Patten, S. N., 963
 Pearson, E., 289
 Pearson, J., 953
 Peck, J. W., 848
 Penn, G., 565
 Penn, W., 565
 Percy, W., 929-934, *pap.*
 Peretti, F., 310
 Perris, G. H., 643, b.
 Peters, J. W. S., 839-849, *pap.*
 Phillips, U. B., 653, b., 655
 Picher, O. H., 845
 Pickler, S. H., 848
 Pillsbury, W. B., 308
 Pinckney, C., 649, 961
 Plato, 308
 Plumb, H. A., 569
 Pollock, F., 88, 194
 Pompilius, N., 874
 Pond, F. B., 562
 Pope Sixtus V., 309
 Porter, J. E., 918
 Porter, P. R., 273
 Powell, 561
 Powers, L. G., 798-807, *pap.*
 Price, T., 382
 Price, T. H., 427
 Prince, L. C., 294, b.
 Purcell, J., 633
 Queen Elizabeth, 3
 Ralston, J. H., 643
 Randolph, C. F., 129
 Ranney, G. A., 62
 Read, J. M., 702
 Reid, G. A., 955, b.
 Reinsch, P. S., 655, 956, b.
 Remsen, D. S., 948, b.
 Rew, J., 592, 593
 Reynolds, 836
 Reynolds, J. B., 83-85, *pap.*
 Rhett, R. G., 294
 Ricardo, D., 641
 Rice, H. B., 687
 Richards, R. C., 294
 Richman, I. B., 643
 Richmond, T., 509
 Rider, P. L., 280
 Riegel, R., 952, r.
 Ripley, H. C., 894
 Robbins, E. C., 294
 Robert, H. M., 894
 Robertson, W. C., 655
 Robinson, E. V., 310, b.
 Robinson, J. T., 462
 Rockefeller, J. D., Jr., 304
 Roe, C. G., 305
 Rogers, E. L., 566
 Rogers, G. D., 545, 546
 Rolph, J. Jr., 938
 Roman, W., 294
 Roosevelt, T., 899
 Root, E., 892, 956

Index of Names

Ross, E. A., 659, *r*.
 Round, M. F., 662
 Rowe, L. S., 71, 278, 300, *r*., 312, *r*., 840,
 967, *r*., 969
 Royce, J., 658
 Rozzelle, F. F., 842
 Rucker, A. W., 462
 Ruperti, J., 633
 Rusby, 519
 Russell, W. E., 956
 Ryan, O., 969

Salisbury, Lord, 88, 145
 Salley, A. S., 644, *b*.
 Sanborn, F. B., 661, *b*., 662
 Sanville, Florence L., 262
 Sargent, Irene, 309
 Sauerbeck, A., 478
 Schafer, J., 655
 Schaefer, S., 627
 Schlemmer, A., 51
 Schneiderman, Rose, 96
 Schnepf, J. S., 749, 755
 Schram, L. B., 31-34, *pap*., 170
 Schreiner, Olive, 294, *b*.
 Schwettmann, F. C., 202-204, *pap*.
 Scott, H., 846
 Scott, W. R., 949
 Scroggs, W. O., 682-697, *pap*.
 Seawell, Molly E., 949, *b*.
 Seligman, E. R. A., 494, 957, *b*.
 Senator, H., 644, *b*.
 Seneca, 301
 Serring, Prof., 295
 Shaftesbury, Lord, 16
 Shambaugh, B. F., 698-718, *pap*.
 Shaw, B., 644, *b*.
 Shaw, L., 196, 197, *et seq.*, 207
 Sheridan, T. J., 846
 Sherman, P. T., 133, 136, *et seq.*, 151-
 158, *pap*.
 Shields, Dr., 93
 Silvernail, F. D., 884-887, *pap*.
 Singewald, K., 295, *b*.
 Smart, W., 311, *b*.
 Smith, A., 961
 Smith, Colonel, 932
 Smith, D. E., 308, 309
 Smith, D. W., 295, *b*.
 Smith, E., 661, *b*.
 Smith, H. K., 462
 Smith, W. G., 128-143, *pap*., 277
 Smith, W. R., 461
 Snow, B. W., 437
 Snyder, A. G., 624
 Socrates, 659
 Soetbear, A., 481
 Solenberger, Alice W., 958, *b*.
 Spaight, J. M., 959, *b*.
 Spargo, J., 296, *b*., 960, *b*.
 Squire, L. H., 361
 St. Augustine, 22
 Steiner, E. A., 644, *b*.
 Stetson, F. L., 218
 Stevens, H. J., 440, 442
 Stewart, W. D., 306, *b*.
 Stone, G. F., 507-523, *pap*.
 Stone, W., 281
 Storrs, E. A., 519
 Stowell, E. C., 960, *r*., 965, *r*.
 Strachan, W., 296
 Straus, N., 281
 Strong, R. P., 91
 Sullivan, J. J., 317, *r*., 951, *r*.
 Sumner, Helen L., 653, *b*.
 Summerhayes, Martha, 949, *b*.
 Surface, G. T., 311, *r*.

Swan, C. H., 257-261, *pap*.
 Swift, F. H., 949

Tacitus, 961
 Taft, W. H., 267, 662, 956
 Tanner, T. J., 559
 Taylor, F. W., 645, *b*.
 Taylor, G., 296, *b*.
 Taylor, H., 961, *b*.
 Teague, O., 91
 Tenterden, Lord, 287
 Terry, E. C., 67
 Thacher, J. H., 841
 Thomas, H. D., 62
 Thomas, W. B., 563
 Thomson, J. A., 645, *b*.
 Thornton, W. W., 316, *b*.
 Todd, J. B. S., 291
 Toombs, R., 855
 Tower, C., 281
 Tower, W. S., 955, *r*.
 Trask, S., 96
 Tryon, W., 525, 527
 Tufts, G., 662
 Turner, F. J., 655
 Turner, G. K., 673
 Turner, J. K., 312, *b*.
 Tyson, R., 283

Vedder, B. W., 767
 Volker, W., 841
 Van Esmark, E., 93
 Von Schiller, J. C. F., 308

Wainwright, J. M., 144-150, *pap*.
 Wakefield, G., 650
 Walker, C., 509
 Walsh, A. B., 59
 Ward, E. J., 970
 Ward, G. H. B., 646, *b*.
 Warmoth, H. C., 682
 Washington, G., 289
 Watson, D. K., 313, *b*.
 Watson, F. D., 950, *r*.
 Watts, J., 530
 Weale, E. L. P., 313, *b*.
 Weatherly, 931
 Weatherly, U. G., 315, *r*.
 Webb, Beatrice, 962, *b*., 963, *b*.
 Webb, S., 949, *b*., 962, *b*., 963, *b*.
 Webster, D., 161
 Webster, N., 962
 Webster, P., 961
 Wehberg, H., 964, *b*.
 Wells, D. A., 494
 Welsh, W., 565
 Werner, W. E., 18, 19
 Wheaton, H., 965
 Whipple, G. M., 308
 White, E. D., 951
 Whiting, W. L., 509
 Widtsoe, J. A., 296, *b*.
 Wigmore, J. H., 189, 191
 Wilcox, A., 969
 Wilcox, D. F., 283, 315, *b*., 783-797, *pap*.,
 965, *b*., 970
 Wiley, H. W., 495
 Willard, Alice, 958
 Williams, J., 94
 Williams, T., 88, 264
 Willoughby, W. F., 970
 Willoughby, W. W., 967, *b*.
 Wilson, F. M., 848
 Wilson, J. S., 737
 Wilson, W., 59, 218, 225, 226, 277, 773,
 838
 Willson, E. A., 956

Index of Subjects

Wines, C. E., 662
 Wines, F. H., 661, b., 662
 Winsor, Mary, 277
 Winter, N. O., 950
 Wise, 857
 Witmer, S. L., 563
 Wolcott, E. G., 510
 Wood, W., 297, b.
 Woodruff, C. R., 316, r., 840, 968, b., 969, b.
 Wooldridge, A. P., 906-907, *pap.*
 Woolen, W. W., 316, b.

Woolsey, T. D., 289
 Worcester, D., 91
 Worlin, P., 625
 Wright, A. D., 558
 Wright, C. D., 86
 Wright, E. R., 26
 Yeardley, G., 644
 Yeater, E. C., 848
 Young, L., 701
 Yule, G. U., 950

INDEX OF SUBJECTS

[Titles of articles are printed in small caps.]

Accident. **ACCIDENT PREVENTION, THREE ESSENTIALS FOR,** 98-107. Need of a revolution, not a relief fund, 98; essential weapons of our campaign, 99; methods of obtaining information, 100; publicity of statistics provided by law, 101; equipment and power in labor department, 102; salaries and heads of departments, 103; power of enforcing safety laws in factories, 104; a summary method, 105; workmen's compensation essential, 106; necessity of securing co-operation of employers by state legislatures, 107.

ACCIDENTS, INADEQUACY OF PRESENT LAWS CONCERNING, 74-75. Annual fatalities, 74; importance of friendly relations between employer and employee, 75; criticism of our laws, 75.

Red Cross Measures for the Prevention of Disasters. See **Red Cross.**

Agriculture. "Dry Farming," by J. A. Widstoe, note, 296.

"Southern Field Crops," by J. F. Duggar, note, 945.

Arbitration. "Reminiscences of the Geneva Tribunal of Arbitration, 1872," by F. W. Hackett, note, 286.

"Arizona, Vanished," by Martha Summerhayes, note, 949.

AUSTIN, TEXAS, THE COMMISSION AS IT OPERATES IN, 906-907. Epitomized, 906; results, 907.

"Australia: Physiographic and Economic," by G. E. Taylor, note, 296.

BERKELEY, CALIFORNIA, UNDER COMMISSION FORM OF GOVERNMENT, 935-943. Adoption of Berkeley charter, 935; Berkeley's election methods, 936; being widely copied, 937; the first commission administration and its methods, 938; results achieved by, 940.

Biology. "A Study of Greatness in Men," by J. N. Larned, note, 289.

BIRMINGHAM UNDER THE COMMISSION PLAN, 929-934. Commission plan adopted, 929; chief characteristics of plan, 930; initiative and referendum not included, 930; the kind of commissioners elected, 931; an unqualified business success, 932.

Board of Trade of the City of Chicago. See **Chicago.**

BREWING INDUSTRY, WORKINGMEN'S COMPENSATION IN THE, 31-34. Faults in common law system, 31; solution of problem in foreign countries, 32; plan of compensation in brewing industry, 33; results based upon compulsory legislation, 34.

BUDGET PROVISIONS IN COMMISSION-GOVERNED CITIES, 798-807. Necessity of publicity, 798; essentials of a budget, 799; what the budget must show, 800; budgets must be complete, 801; a systematic budget necessary, 802; why present municipal accounting is inefficient, 803; fundamental provisions to be included in budgets, 804.

Business. "Business Development, Science of Organization and," by R. J. Frank, note, 284.

"Modern Business," by E. R. Hardy and W. Lindnor, review, 952.

CASUALTY INSURANCE COMPANIES AND EMPLOYERS' LIABILITY LEGISLATION, 15-22. Objects to be attained by commissions and ultimate purpose of legislation, 15; attitude of casualty insurance companies toward legislation, 16; figures indicating progress, 17; lines along which companies are working, 18; justification of compensation laws, 19; attempt of New York legislature of 1910, 20; criticism of companies, 21; basis of premium rates, 21. **CHICAGO, BOARD OF TRADE OF THE CITY OF,** 507-523. (For index of paper, see p. 665.)

Children. "Cottage and Congregate Institutions for Children," by H. H. Hart, note, 640.

"Christian Science, The Sense and Nonsense of," by L. C. Prince, note, 294.

Civil Service. **CIVIL SERVICE PENSIONS,** 1-5. Importance of industrial insurance and retiring allowances, 3; situation in the national government, 4; lack of public interest, 5.

CIVIL SERVICE PROVISIONS IN COMMISSION CHARTERS, 808-815. Generally omitted in commission charters, 808; special need of, in com-

Index of Subjects

- mission cities, 809; state supervision of civil service, 811; principles as to civil service, 812; civil service provisions in commission cities, 812; need of improvement in, 814.
- Civil War. "A History of the War of Secession, 1861-1865," by R. Johnson, note, 288.
- COFFEE MARKET, THE, 610-620. (For index of paper, see p. 665.)
- Colonies. "The Broad Stone of Empire," by C. Bruce, review, 649.
- Commission Government. "City Government by Commission," by C. R. Woodruff, review, 968.
- DEFECTS AND LIMITATIONS OF THE COMMISSION PLAN, 871-876. Municipal government must be responsive, 871; initiative, referendum and recall provisions do not make them so, 872; no check on the commissioners, 873; the commission government monarchical, 876.
- DEFECTS OF COMMISSION GOVERNMENT, SOME, 862-870. Provisions of the Colorado Springs charter, 862; results obtained by, 863; defects of, 864; responsibility not fixed, 865; compensation of commissioners, 868; commission government not a final solution, 869; governmental machinery not chief defect of cities, 870.
- HISTORY AND UNDERLYING PRINCIPLES OF COMMISSION GOVERNMENT, 673-681. Early history of commission government, 673; present status, 675; provisions of commission charters, 676; summary of main features of commission charters and laws, 677; character of commission government, 679; initiative, referendum and recall, 680; essential elements in commission government, 680.
- "Loose Leaf Digest of Short Ballot Charters," by C. A. Beard, note, 283.
- OBJECTIONS TO COMMISSION GOVERNMENT, 853-861. Distinction between the executive and the legislative, 853; theorists and municipal government, 854; significance of commission government, 855; commission government in practice, 856; what commission government actually is, 857; other considerations, 858; commission government not the remedy, 859.
- WEST, COMMISSION GOVERNMENT IN THE, 726-747. States adopting, 726; reasons for adoption, 727; general characteristics of commission legislation, 729; in Wisconsin, 730; Minnesota, 731; Missouri, 733; Iowa, 734; Louisiana, 734; North Dakota, 735; South Dakota, 737; Nebraska, 738; Kansas, 738; Oklahoma, 739; Texas, 740; Montana, 741; Wyoming, 741; Colorado, 742; New Mexico, 743; Idaho, 743; Utah, 744; Washington, 744; Oregon, 745; California, 745.
- COMMODITY PRICES, FACTORS AFFECTING, 473-506. (For index of paper, see p. 666.)
- COMPENSATION LAW AND PRIVATE JUSTICE, A, 151-158. Two systems of employers' liability for accidental injuries, 151; arguments based upon reasons of social welfare, 151; difference between compensation law and law of negligence, 152; final difference, 154; object of law and faults, 155; mistake of remedying existing evils, 156; three propositions emphasized, 157; necessity of doctrine of averages, 158.
- Congress. "The Business of Congress," by S. W. McCall, review, 953.
- "The Commercial Power of Congress," by D. W. Brown, review, 648.
- Constitution. "The Constitution of the United States," by D. K. Watson, review, 313.
- "The Origin and Growth of the American Constitution," by H. Taylor, review, 961.
- "The Revision and Amendment of State Constitutions," by W. F. Dodd, review, 301.
- Constitutional Law. "Constitutional Law," by J. P. Hall, review, 951.
- "The Constitutional Law of the United States," by W. W. Willoughby, review, 967.
- Cotton. COTTON EXCHANGES AND THEIR ECONOMIC FUNCTIONS, 571-598. (For index of paper, see p. 666.)
- COTTON, FINANCING OF, 599-609. (For index of paper, see p. 665.)
- Criminology. "Correction and Prevention," by C. R. Henderson, review, 661.
- "Criminal Man," by G. L. Ferrero, review, 656.
- "Modern Theories of Criminality," by C. B. De Quiros, review, 652.
- CROP REPORTING SYSTEM, THE, 409-421. (For index of paper, see p. 666.)
- "Currency, The Reform in the," by H. R. Mussey, note, 643.
- "Darwinism and Human Life," by J. A. Thomson, note, 645.
- "Democracy, The Spirit of," by L. Abbott, review, 646.
- DES MOINES, WHAT GOVERNMENT BY COMMISSION HAS ACCOMPLISHED IN, 908-916. The former municipal government, 908; defects of, 910; adoption of commission plan, 912; benefits accruing from, 913; responsibility of commissioners, 914; results obtained, 916. See also Commission Government in Iowa.
- Disease. "The Conquest of Consumption," by W. Hutchinson, note, 641.
- "Marriage and Disease," by H. Senator and S. Kaminer, note, 644.
- Education. "A Cyclopaedia of Education," by P. Monroe, review, 308.
- "Educational Problems," by G. S. Hall, review, 660.
- "Idealism in Education," by H. H. Horne, note, 287.
- "The Training of Teachers for Secondary Schools in Germany and the United States," by J. F. Brown, review, 298.
- Employers' Liability. EMPLOYERS' LIABILITY, AN ARGUMENT AGAINST, 159-165. Two phases of employers' liability, 159; ground on which legal responsibility can be claimed, 160; use

Index of Subjects

- of police power of the state, 161; declaration of New York court of appeals, 162; effect of such legislation on workmen and commonwealth at large, 163; danger of following Europe's footsteps regarding employers' liability, 164; relations between worker and employer, 165.
- EMPLOYERS' LIABILITY LAWS, LEGAL ASPECTS OF, 144-150.** Public conception of justice, 144; principle regarding trade risk, 145; constitutional difficulty, 146; effect of court decisions upon workmen's compensation, 147; reform by amending state constitution, 148; act sustained by police power, 149; action towards complete and final solution, 150.
- Employers' Liability Legislation, Casualty Insurance Companies and. See Casualty Insurance.**
- EMPLOYERS' LIABILITY LEGISLATION, CONDITIONS OF PROGRESS IN, 169-174.** What law represents, 169; first step in legislation, 170; second step, 171; views of right and wrong embodied in our constitution, 172; state insurance versus private insurance, 173.
- EMPLOYERS' LIABILITY LEGISLATION, PRINCIPLES OF SOUND, 202-204.** Credit due employer, 202; fundamental principles of sound legislation, 203.
- EMPORIA, KANSAS, RESULTS OF COMMISSION GOVERNMENT IN, 922-924.** Does the commission form pay, 922; responsibility, 923; character of officials, 923; elections, 923.
- England, "The Condition of England,"** by C. F. G. Masterman, note, 291.
- "English Political Institutions,"** by J. A. R. Marriot, note, 290.
- "Parliament: Its History, Constitution and Practice,"** by C. P. Ilbert, note, 642.
- Ethnography. "The Conflict of Color,"** by B. L. P. Weale, review, 313.
- Ethnology. "Half a Man,"** by Mary W. Ovington, note, 947.
- "Marriage, Totemism and Religion,"** by Lord Avebury, note, 638.
- EXCHANGES OF MINNEAPOLIS, DULUTH, KANSAS CITY, MISSOURI, OMAHA, BUFFALO, PHILADELPHIA, MILWAUKEE AND TOLEDO, 545-570.** (For index of paper, see p. 666.)
- Fisheries. "A History of the New England Fisheries,"** by R. McFarland, review, 954.
- "Foreign Exchange, Elements of,"** by F. Escher, note, 284.
- France. "The Story of Modern France,"** by H. A. Guerber, note, 285.
- FRANCHISE PROVISIONS IN COMMISSION CHARTERS AND STATUTES, 783-797.** The relation between free highways and efficient government, 783; attitude of cities toward their streets, 784; why public initiative as to franchises is necessary, 786; why cities should own the streets, 787; why the speculative element should be eliminated, 788; why the city should keep control over service in its streets, 789; right to municipal ownership essential, 789; necessity of prescribing procedure for securing franchises, 790; initiative and referendum on franchises, 791; necessity of records, 792; necessity of a franchise bureau, 793; franchise terms, 793; control of capitalization, 794; public utility accounts, 796.
- Franchises. "Municipal Franchises,"** Vol. II, by D. F. Wilcox, review, 965.
- GALVESTON'S COMMISSION PLAN OF CITY GOVERNMENT, 891-900.** Adoption of, 891; characterized, 891; departments under, 893; accomplishments under, 894; present features of, 896; author objects to recall, 898; commission government not a panacea, 899.
- Geography. "Commercial Geography,"** by E. V. Robinson, review, 310.
- "The Nations of the Modern World,"** by H. J. Mackinder, note, 290.
- Government. "The American Commonwealth,"** by J. Bryce, review, 299.
- "Government and Politics in the United States,"** by W. B. Guitteau, note, 285.
- "Readings on American State Government,"** by P. S. Reinsch, review, 956.
- Grain. CLASSIFICATION OF GRAIN INTO GRADES, 376-395.** (For index of paper, see p. 665.)
- GRAIN INSPECTION IN ILLINOIS, 396-408.** (For index of paper, see p. 667.)
- METHODS OF MARKETING THE GRAIN CROP, 354-375.** (For index of paper, see p. 668.)
- GRAND JUNCTION PLAN OF CITY GOVERNMENT AND ITS RESULTS, THE, 757-772.** Colorado, a home rule state, 775; the Grand Junction charter, 757; provisions as to public service corporations, 758; as to nominations, 759; the preferential ballot, 760; the mayor and the commissioners, 761; provisions as to departments, 762; conditions prior to commission government, 763; the charter convention, 764; first election under, 765; sample ballots, 765; results, 768.
- "Heredity, The Laws of,"** by G. A. Reid, review, 955.
- History (American). "Documentary History of American Industrial Society,"** review, 653.
- "Essays in American History,"** review, 655.
- "Great Britain and the Illinois Country, 1763-1774,"** by C. E. Carter, note, 639.
- "Narratives of Early Carolina, 1650-1708,"** by A. S. Salley, note, 644.
- "The Territorial Governors of the Old Northwest,"** by D. G. McCarty, note, 291.
- History (General). "Economic Annals of the Nineteenth Century, 1801-1820,"** by W. Smart, review, 311.
- Housing Problem. "Le Case Sane Economiche e Popolari del Comune di Venezia,"** note, 946.
- HOUSTON, TEXAS, RESULTS OF COMMISSION GOVERNMENT IN, 901-905.** Accomplishments of the commission government, 901; practice and custom

Index of Subjects

- under the commission plan, 903; benefits accruing from, 904.
- HUNTINGTON, WEST VIRGINIA, RESULTS OF COMMISSION GOVERNMENT IN, 925-928. Salient features of Huntington's commission charter, 925; compared with the old form, 926; results of, 926.
- ILLINOIS CITIES, COMMISSION GOVERNMENT IN, 748-756. Movement toward, 748; municipal situation in, 748; steps toward securing commission government, 750; the Illinois commission law, 751; initiative and referendum, 752; recall, 752; other features of, 753; adoptions under, 753; primaries and elections under 754; results of, 755.
- Immigration. "The Alien Problem and Its Remedy," by M. J. Landa, note, 642.
- "Greek Immigration to the United States," by H. P. Fairchild, review, 656.
- India. "Elements of Indian Taxation," by L. Alston, note, 638.
- "Indian Unrest," by V. Chiral, review, 650.
- Individualism. "Individualism," by W. Fite, review, 658.
- "Friedrich Nietzsche. The Dionysian Spirit of the Age," by A. R. Orage, note, 947.
- Industrial Accidents. INDUSTRIAL ACCIDENTS, BURDEN OF, 76-82. Duties of commissions appointed, 76; gravity of situation not understood by society, 77; exercise of precautions, 78; imperativeness of enforcing and extending factory and mining laws, 79; cost of compensation system, 80; waste in our present system, 81; failings of our present system, 82.
- INDUSTRIAL ACCIDENTS, PREVENTION OF, 71-73. Waste, the great enemy, 71; need of regulation and control, 72; individual initiative and enterprise, 72; demand for better ethical standards, 73.
- INDUSTRIAL ACCIDENTS, PROGRESS IN LEGISLATION CONCERNING, 205-217. Two questions for consideration, 205; constitutionality regarding employers' liability, 206; decisions of the supreme court, 208; opinions of Justice Holmes, 210; cases in various states, 211; form of the remedy, 214; English model, 215; German model, 216; the sound theory, 217.
- INDUSTRIAL INJURIES, ENTERPRISE LIABILITY FOR, 257-261. Unsatisfactory character of existing laws, 257; draft of an act for relief of industrial injuries in Massachusetts, 259.
- INDUSTRIAL INSURANCE, SOME FEATURES OF OBLIGATORY, 23-30. Actions of various state legislatures, 23; results of compensation, how obtainable, 23; New York statistics, 24; Russell Sage Foundation in Allegheny County, Pa., 25; Wisconsin statistics, 26; Illinois statistics, 26; Germany and England, 27; statistics of United States, 28; plans of states, 29; just and efficient remedy, 30.
- "Industry and Progress," by N. Hapgood, note, 946.
- INITIATIVE AND REFERENDUM IN COMMISSION CITIES, THE, 823-832. Not peculiar to the commission form, 823; provisions as to, 825; initiative provisions, 827; size of petition, 827; contents of petitions, 828; adoption of petitions, 829; provisions summarized, 829; value of, 830.
- Insurance. "Unemployment Insurance," by I. G. Gibbon, review, 660.
- International Law. "Capture in War On Land and Sea," by H. Webberg, review, 964.
- "Le Droit International American," by A. Alvarez, review, 647.
- "A Short History of War and Peace," by G. H. Perris, note, 643.
- IOWA, COMMISSION GOVERNMENT IN: THE DES MOINES PLAN, 698-718. Municipal government in Iowa, 698; agitation for, in Des Moines, 700; commission government statute adopted, 702; the Des Moines vs. the Galveston plan, 703; cities to which applicable, 704; simplicity of the Des Moines plan, 704; officers, 705; primary election, 707; election laws, 707; recall, 708; administrative departments, 709; the council, 710; the referendum, 712; Iowa cities under commission government, 714; judicial interpretations, 715; results, 716.
- Jurisprudence. "The Doctrine of Non-Liability of the State in the United States," by K. Singewald, note, 295.
- "Juvenile Court Laws in the United States," by H. H. Hart, note, 640.
- KANSAS, COMMISSION GOVERNMENT IN, 719-725. Adoption of commission government, 719; the commission plan for first and for second class cities, 720; essential features in, 721; direct legislation and the recall, 722; results in Kansas, 723.
- KANSAS CITY, KANSAS, RESULTS OF COMMISSION GOVERNMENT IN, 917-921. Adoption of commission plan, 917; more commissioners elected, 918; accomplishments during first year of commission government, 919.
- Labor. "Les Actions De Travail," by Jean Gralnear, review, 302.
- Labor Unions. "Homestead, the Household of a Mill Town," by Margaret F. Byington, review, 657.
- "The Steel Workers," by J. A. Fitch, review, 657.
- LIABILITY AND COMPENSATION, ATTITUDE OF FOREIGN COUNTRIES TOWARD, 241-245. Europe's attitude regarding accident liability and workmen's compensation, 241; consumer shall bear the burden, 242; pension principle in Germany, 243; result of holding industry liable for accidents, 244; comprehensive scheme of insurance for workmen, 245.
- Liquor Traffic. "The Law Relating to the Traffic in Intoxicating Liquors and Drunkenness," by W. W. Woolen and W. W. Thornton, review, 316.

Index of Subjects

- LOCKPORT PROPOSAL, THE, 884-887.** Characteristics and defects in commission plan, 884; the Lockport plan an exact counterpart of private corporate management, 885; other provisions in, 886.
- Maritime Law.** "The Law Relating to the Rule of the Road at Sea," by D. W. Smith, note, 295.
- Massachusetts. Workmen's Compensation and the Industries of Massachusetts.** See Workmen's Compensation.
- Merchants' Exchange of St. Louis.** See St. Louis.
- "Meteorology, Practical and Applied,"** by J. Moore, note 292.
- Mexico. "Barbarous Mexico,"** by J. K. Turner, review, 312.
- "Documentos Para la Historia de Mexico—Paredes y Arrillaga,"** by G. Garcia, note, 640.
- "La Intervenci on Francesa en Mexico,"** by G. Garcia, 640.
- MINE SAFETY, GOVERNMENT MEASURES TO INCREASE, 112-114.** Two modern methods of rescue work, 112; accident to rescuer, 113; training of miners, 114.
- "Mississippi River and Its Wonderful Valley, The,"** by J. Chambers, note, 284.
- MISSOURI, THE COMMISSION MOVEMENT IN, 839-849.** Municipal provisions in Missouri, 839; Kansas City's present charter adequate, 839; results under, 841; investigation of commission plan, 842; movement toward commission government, 843; St. Louis rejects a special charter, 843; St. Joseph's charter, 845; Joplin's attempts to secure commission government, 846; joined by Springfield, 846; action of legislature, 847.
- Municipal Government. "Great Cities in America,"** by D. F. Wilcox, review, 315.
- MUNICIPAL GOVERNMENT ADMINISTERED BY A GENERAL MANAGER—STAUNTON PLAN, 877-883.** Staunton's adoption of municipal government by a general manager, 877; the municipal vs. the private corporation, 878; results obtained under the Staunton plan, 880; suggested amendments, 883.
- "Proceedings of the Buffalo Conference for Good City Government and the Sixteenth Annual Meeting of the National Municipal League,"** by C. R. Woodruff, review, 969.
- Municipal Ownership. "The Commonsense of Municipal Trading,"** by B. Shaw, note, 644.
- NEW JERSEY. ADOPTIONS AND REJECTIONS UNDER THE COMMISSION STATUTE OF NEW JERSEY, 778-780.** Cities adopting or rejecting, 778; reasons for rejections, 779.
- THE COMMISSION STATUTE OF NEW JERSEY, 773-777.** To what cities applicable, 773; procedure for adoption of, 774; administrative departments under, 774; commissioners, 775; city officers, 776; direct legislation and the recall, 776.
- NEW JERSEY EMPLOYERS' LIABILITY ACT, 225-229.** Backwardness of our country in settlement of employers' liability, 225; action taken in New Jersey, 226; injured man cared for by American citizenship and humanity, 227; effect of compensation laws, 228; act covering all industries, 229.
- NEW JERSEY EMPLOYERS' LIABILITY AND WORKMEN'S COMPENSATION LAW, 218-224.** Proposed bill, 218; modifications of present law, 219; elective system of workmen's compensation, 221; definitions and a proviso, 222; results of organizing mutual accident insurance companies, 223.
- New York. "Minutes of the Executive Council of the Province of New York, 1668-1673,"** by V. H. Palsits, note, 293.
- NEW YORK PRODUCE EXCHANGE, THE, 524-539.** (For index of paper, see p. 668.)
- Recent New York Legislation upon Workmen's Compensation.** See Workmen's Compensation.
- Orient. "The West in the East from an American Point of View,"** by P. Collier, review, 651.
- "Panama and the Canal To-Day,"** by C. H. Forbes-Lindsay, note, 639.
- "Pan-American Union, The — Peace, Friendship, Commerce,"** by J. Barrett, note, 638.
- Pensions. CIVIL SERVICE PENSIONS.** See Civil Service.
- RETIREMENT SYSTEMS FOR MUNICIPAL EMPLOYEES, 6-14.** Need of retirement systems, 6; European and American cities contrasted, 7; should system be contributory or non-contributory, 8; Massachusetts act, 9; refunding contributions of those withdrawing, 10; objections to system, 11; inefficiency of superannuated employees, 12; who the beneficiaries really are, 13; essentiality of adoption of system, 14.
- Political Economy. "A Contribution to the Critique of Political Economy,"** by K. Marx, note, 291.
- "Six Radical Thinkers,"** by J. MacCunn, note, 289.
- Political Theory. "A History of Medieval Political Theory in the West,"** by R. W. and A. J. Carlyle, review, 300.
- "Manual of Political Ethics,"** by F. Lieber, note, 289.
- Poor Relief. "The Almshouse—Construction and Management,"** by A. Johnson, note, 946.
- "Grants in Aid,"** by S. Webb, note, 949.
- "The Prevention of Destitution,"** by S. and Beatrice Webb, review, 963.
- PRODUCE EXCHANGES, THE FUNCTIONS OF, 319-353.** (For index of paper, see p. 668.)
- PRODUCE MARKETS, CURRENT SOURCES OF INFORMATION IN, 422-443.** (For index of paper, see p. 668.)

Index of Subjects

- Railroad.** DISABILITY AND DEATH COMPENSATION FOR RAILROAD EMPLOYEES, 45-56. Compensation defined, 45; rule of industry, 46; statistics lacking, 47; value of safety appliances, 48; no time to observe safety rules, 49; inefficiency of safety devices, 52; number killed or injured in railway service, 53; favoritism of the common law, 54; a new doctrine, 55; free hospital service, 56; summary, 56.
- "The Earning Power of Railroads," by F. W. Mundy, note, 293.
- "Scientific Management of Railroads," by L. D. Brandeis, note, 283.
- RECALL, POPULAR CONTROL UNDER, THE,** 833-838. The recall defined, 833; justice of the recall, 834; experiences under the recall, 836; merits of the recall, 838.
- RED CROSS MEASURES FOR THE PREVENTION OF DISASTERS,** 90-93. Duties of the American Red Cross, 90; action taken by the Red Cross, 91; contents of first-aid text-book, 92; importance of precaution, 93.
- "Ricardo, David—A Centenary Estimate," by J. H. Hollander, note, 641.
- Rome, "Sixtine Rome," by J. A. F. Orbaan, review, 309.
- SAFETY DEVICES, THE NECESSITY FOR,** 108-111. Three main causes for accidents, 108; three classes of employers, 109; importance of guarding dangerous appliances, 110.
- Scientific Management.** "The Principles of Industrial Management," by J. C. Duncan, review, 654.
- "Scientific Management, The Principles of," by F. W. Taylor, note, 645.
- "Shop Management," by F. W. Taylor, note, 645.
- SHORT BALLOT AND THE COMMISSION PLAN, THE,** 816-822. Short ballot defined, 816; results of short ballots in commission cities, 816; simplicity of the short ballot, 819; accountability under, 820; short ballot the leading feature of commission government, 821.
- SOCIAL INSURANCE, NECESSITY FOR,** 86-89. Elementary justice a possibility, 86; extension of compulsion, 87; important suggestion to universities, 88; pension legislation in Germany, 89.
- Socialism.** "The Common Sense of Socialism," by J. Spargo, note, 296.
- "Sidelights on Contemporary Socialism," by J. Spargo, review, 960.
- "Socialism and Christianity," by P. S. Grant, note, 285.
- "The Socialist Movement," by J. R. Macdonald, review, 960.
- "State Socialism in New Zealand," by J. E. LeRossignol and W. D. Stewart, review, 306.
- Sociology.** "Against the Current," by E. A. Steiner, note, 644.
- "Christ's Social Remedies," by H. E. Montgomery, note, 292.
- "The House of Bondage," by R. W. Kauffman, review, 304.
- "One Thousand Homeless Men," by Alice W. Solenberger, review, 958.
- "The Social Direction of Human Evolution," by W. E. Kellicott, review, 952.
- SOCIAL PROGRESS, LAW AND,** 117-118. Fixing of responsibility for proper social, industrial and working conditions, 117; defects in our liability law, 118.
- "The Transmission to an Objective Standard of Social Control," by L. L. Bernard, note, 639.
- "Twenty Years at Hull House," by Jane Addams, review, 297.
- "A Year in a Coal Mine," by J. Hubbard, note, 641.
- SOUTH, COMMISSION GOVERNMENT IN THE,** 682-697. First adopted in New Orleans, 682; extended to Mobile, 684; Galveston, 686; other adoptions in the South, 687; Houston, 687; other Texas cities, 688; Mississippi, 690; North Carolina, 690; West Virginia, 691; Tennessee, 692; South Carolina, 692; Kentucky, 692; Louisiana, 693; Alabama, 693; results in the South, 696; present status, 697.
- SOUTH AMERICA, SHIPPING FACILITIES BETWEEN THE UNITED STATES AND,** 621-637. Criticism of anonymous article in May volume, 621; need of commerce with South America, 623; vital difference between service furnished this country and South America, 623; recent experiences of Mr. Gittins, 625; criticism of statements of Mr. Moses on passenger service existing between United States and South America, 627; letter of Mr. Gauntlett regarding passenger service, 629; actual conditions, 632; articles in Pearson's Magazine, effect of, 633; rates, 634; summary, 635.
- Spain.** "A Corner of Spain," by W. Wood, note, 297.
- "The Truth About Spain," by G. H. B. Ward, note, 646.
- SPECULATION, GOVERNMENTAL REGULATION OF,** 444-472. (For index of paper, see p. 667).
- STATISTICS, OUR LACK OF,** 94-97. American attitude towards life takers, 94; extension of Christian forgiveness, 95; Rose Schneiderman's statement, 96; symbolic figure of greed, 97.
- ST. LOUIS, MERCHANT'S EXCHANGE OF,** 540-544. (For index of paper, see p. 668).
- "Stock Exchange, The," by F. W. Hirst, note, 641.
- "Tariff Reform, Employment and Imperial Unity," by G. Coates, review, 950.
- Taxation.** "The Income Tax," by E. R. A. Seligman, review, 957.
- "Income Taxation," by K. K. Keenan, review, 306.
- Telephone.** "Public Ownership of Telephones on the Continent of Europe," by A. N. Holcombe, review, 303.
- "Trade Unionism, The History of," by S. and Beatrice Webb, review, 962.
- "Transportation in Europe," by L. G. McPherson, note, 292.
- UNITED STATES STEEL CORPORATION. RESULTS OF VOLUNTARY RELIEF PLAN**

Index of Subjects

- of, 35-44. Opposition to workmen contributing to compensation, 35; experiences in accident prevention and relief, 36; results of subsidiary companies, 37; value of checking for safety, 38; safety sermon on pay envelopes, 39; endeavors to safeguard workmen, 39; problems presented by industrial accidents, 40; relations of employers to injured employees, 40-41; objections to state insurance plan, 41-42; desirable provisions for fair and reasonable compensation acts, 42-43; final suggestion, 43-44.
- "War Rights on Land," by J. M. Spaight, review, 959.
- "Wealth, Post-Mortem Use of," by D. S. Remsen, note, 948.
- "White Slave Traffic in America, The," by O. E. Janney, note, 287.
- Women. "The Economic Position of Women," by H. R. Mussey, note, 643.
- "The Ladies' Battle," by Molly E. Seawell, note, 949.
- "A Short History of Women's Rights," by E. A. Hecker, note, 287.
- "The Subjection of Women," by J. S. Mill, note, 947.
- "Woman and Labor," by Olive Schreiner, note, 294.
- WORKMEN'S COMPENSATION. WORKMEN'S COMPENSATION AND THE INDUSTRIES OF MASSACHUSETTS, 238-240. Difference in industries of Massachusetts and other states, 238; objections to present law, 238; facts indicated by statistics, 239; result of adding to cost of industries, 240; outlook in Massachusetts, 240.
- WORKMEN'S COMPENSATION, INJUSTICE OF THE PRESENT SYSTEM, OF, 83-85. Workmen's compensation act of New York decided unconstitutional, 83; two points in relation to prevention of accidents, 84; importance of working together for the common good, 85.
- WORKMEN'S COMPENSATION. RECENT NEW YORK LEGISLATION UPON, 230-237. Grounds for New York Court of Appeals' decision, 230; statement of Mr. Benson, 232; an optional system caring for work accidents, 233; persuasive methods of getting compensation, 234; amendment of state constitutions, 235; Fourteenth Amendment, 236; due process of law, 237.
- WORKMEN'S COMPENSATION. RECENT PROGRESS IN EUROPEAN COUNTRIES IN, 246-256. Most conspicuous feature of continental legislation, 246; liability doctrine modified, 247; system of government insurance, 248; occupations, 249; general administration, 249; compulsory insurance in two forms, 250; voluntary insurance, 251; methods of guaranteeing insurance payments, 252; information as to accidents, 253; progress in medical treatment, 256; forms of disability other than accidental injuries, 256.
- WORKMEN'S COMPENSATION. THE CONSTITUTIONAL PROBLEM OF, 119-127. Employers deprived of property without due process of law, 119; result of recent litigation in New York, 121; report of Wainwright Commission, 122; economic justification of workmen's compensation act, 123; effects of monopoly, 124; basis of contract, 125; court conclusions, 126; liability imposed by the common law, 127.
- WORKMEN'S COMPENSATION. THE SYSTEM OF, BEST ADAPTED TO THE UNITED STATES, 175-183. Three forms in which workmen's compensation is presented, 175; objections to second form, 177; causes impairing the effectiveness and value of compensation system, 178; plans of state insurance, 180; effectual system of Germany, 181; advantages of third system, 182; summary, 183.
- WORKMEN'S COMPENSATION LEGISLATION, POINTS TO BE CONSIDERED IN, 184-201. Points to be considered by lawmakers dealing with industrial accidents, 184; direct result of uncertainty presented in a double aspect, 186; expense involved under compensation law, 188; preliminary brief on power of Congress imposing liability upon employer, 189; *Murray v. Hoboken Land Co.*, 189; *Hurtado v. Cal.*, 190; *Holden v. Hardy*, 190; *Steamboat Co. v. Chase*; *Sherlock v. Alling*, 191; *Historical Test*, 191; *Rylands v. Fletcher*, 193; *Current English law*, 194; cases of absolute responsibility, 194; acts at peril, inevitable accident, 195; *Holmes Common Law*, 195; *Beven on negligence*, 195; *nitroglycerine case*, 196; *Brown v. Kendall*, 197; different view of law liability, 197; *St. Louis, San Francisco Ry. v. Mathews*, 197; *U. S. v. Zernicke*, 199; *U. S. v. Mackey*, 200; recent decisions, as to power of Congress, 201.
- WORKMEN'S COMPENSATION LAWS. PRESENT STATUS OF, 128-143. Summary of statistics by John Mitchell, 128; characteristics of German system, 129; provisions made by all civilized countries, 130; attitude of United States towards collectivist sentiment, 131; difficulties presented by our federal government, 132; efforts to meet evils of the common law, 133; laws and statute enacted providing for compensation, 134; predominant thought regarding compulsory system, 135; effects of New York compensation act and employers' liability law, 136; state's authority to regulate relations of master and servant, 137; importance of voluntary methods and uniformity of states, 138; additional rights given workmen by bill of National Civic Federation, 139; conclusions of the Chicago conference summarized, 140; court decisions, 141; duties assumed by employee, 142; practice of corporations, 143.

I

SUPPLEMENT TO
THE ANNALS OF THE AMERICAN ACADEMY OF POLITICAL
AND SOCIAL SCIENCE
JULY, 1911

UNIFORM CHILD LABOR LAWS

PROCEEDINGS OF THE
SEVENTH ANNUAL CONFERENCE
OF THE
NATIONAL CHILD LABOR COMMITTEE

PHILADELPHIA
THE AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE
1911

(1)

Copyright, 1911, by
THE AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE
PHILADELPHIA

CONTENTS

	PAGE
CHILD LABOR A MENACE TO CIVILIZATION—ANNUAL ADDRESS OF THE CHAIRMAN OF THE NATIONAL CHILD LABOR COMMITTEE. <i>Felix Adler</i>	1
THE CONSERVATION OF CHILDHOOD. <i>Theodore Roosevelt</i>	8
STANDARDS PROPOSED BY UNITED STATES COMMISSION ON UNIFORM LAWS <i>A. T. Stovall</i>	17
WHAT SHOULD WE SACRIFICE TO UNIFORMITY? <i>Florence Kelley</i>	24
SEVEN YEARS OF CHILD LABOR REFORM. <i>Owen R. Lovejoy</i>	31
THE COTTON MILL: THE HEROD AMONG INDUSTRIES. <i>A. J. McKelway</i>	39
THE PUBLIC SCHOOL AND THE DAY'S WORK. <i>Herman Schneider</i>	53
CHILD LABOR ON THE STAGE—A SYMPOSIUM <i>Jane Addams, Henry B. Favill and Jean M. Gordon</i>	60
POVERTY AND PARENTAL DEPENDENCE IN RELATION TO CHILD LABOR REFORM—A SYMPOSIUM	
I. SCHOLARSHIPS <i>George A. Hall</i>	77
II. STATE CHILD LABOR RELIEF. <i>M. Edith Campbell</i>	80
III. THE DINNER TOTER. <i>Charles L. Coon</i>	85
EXCLUSION OF CHILDREN FROM DANGEROUS TRADES . . <i>William C. Hanson</i>	90
CHILD LABOR IN STREET TRADES AND PUBLIC PLACES—A SYMPOSIUM	
I. THE NICKEL THEATRE. <i>Maurice Willows</i>	95
II. THE NEWSBOY. <i>George A. Hall</i>	100
III. THE NIGHT MESSENGER BOY. <i>Edward N. Clopper</i>	103
IV. STREET TRADES AND REFORMATORIES. <i>Richard K. Conant</i>	105
V. STREET TRADES <i>Florence Kelley</i>	108
HISTORY OF CHILD LABOR REFORM IN ALABAMA. <i>B. J. Baldwin</i>	111
CHILD LABOR LEGISLATION IN THE CAROLINAS. <i>John Porter Hollis</i>	114
CHILD LABOR IN THE GULF COAST CANNERIES. <i>Lewis W. Hine</i>	118
THE GLASS INDUSTRY AND CHILD LABOR LEGISLATION. . <i>Charles L. Chute</i>	123
THE COAL MINES OF PENNSYLVANIA. <i>Owen R. Lovejoy</i>	133
NEW TERRITORY <i>A. J. McKelway</i>	139
TEN YEARS' EXPERIENCE IN ILLINOIS. <i>Jane Addams</i>	144

	PAGE
THE FORWARD MOVEMENT IN MISSOURI, WEST VIRGINIA AND INDIANA <i>Edward N. Clopper</i>	149
THE STATE AND THE NATION IN CHILD LABOR REGULATION <i>William E. Borah</i>	154
REPORTS FROM STATE AND LOCAL CHILD LABOR COMMITTEES:	
CHILD LABOR COMMITTEE, JUVENILE IMPROVEMENT ASSOCIATION, LOS ANGELES, CAL. <i>Evelyn L. Stoddart, Secretary</i>	156
SAN FRANCISCO CHILD LABOR COMMITTEE <i>J. C. Astredo, Ex-Secretary</i>	157
CITIZENS' CHILD LABOR COMMITTEE OF THE DISTRICT OF COLUMBIA <i>Henry J. Harris, Secretary</i>	157
DELAWARE CHILD LABOR COMMITTEE. <i>W. N. Bannard, Jr., Secretary</i>	160
ILLINOIS CHILD LABOR COMMITTEE <i>Harriet M. Van der Vaart, Secretary</i>	160
INDIANA CHILD LABOR COMMITTEE. <i>Mrs. O. H. Lockwood, Secretary</i>	161
KANSAS CHILD LABOR COMMITTEE. <i>W. L. A. Johnson, Secretary</i>	163
KENTUCKY CHILD LABOR ASSOCIATION. <i>Lafon Allen, President</i>	163
LOUISIANA CHILD LABOR COMMITTEE. <i>C. C. Henson, Secretary</i>	165
MAINE CHILD LABOR COMMITTEE. <i>Ella Jordan Mason, Secretary</i>	165
MARYLAND CHILD LABOR COMMITTEE. <i>Joseph C. Judge, Secretary</i>	166
MASSACHUSETTS STATE CHILD LABOR COMMITTEE <i>Richard K. Conant, Secretary</i>	167
MICHIGAN CHILD LABOR COMMITTEE. <i>Frank T. Carlton, Secretary</i>	170
INTER-CHURCH CHILD LABOR COMMITTEE, GRAND RAPIDS, MICH. <i>Mrs. H. Gaylord Holt, Chairman</i>	171
MINNESOTA CHILD LABOR COMMITTEE. <i>F. E. Hoffman</i>	171
CHILDREN'S PROTECTIVE ALLIANCE OF MISSOURI <i>Bruce Starke, Secretary</i>	174
NEBRASKA CHILD LABOR COMMITTEE. <i>John J. Ryder, Secretary</i>	174
NEW YORK CHILD LABOR COMMITTEE. <i>George A. Hall, Secretary</i>	174
NORTH CAROLINA CHILD LABOR COMMITTEE <i>Charles L. Coon, Secretary</i>	176
OHIO CHILD LABOR COMMITTEE. <i>Albert H. Freiberg, Chairman</i>	177
WARREN (OHIO) CHILD LABOR LEAGUE <i>Phebe T. Sutliff, Acting Chairman</i>	178
OREGON CHILD LABOR COMMISSION. <i>Millie R. Trumbull, Secretary</i>	178

Contents

1897-1898 V

	PAGE
PENNSYLVANIA CHILD LABOR ASSOCIATION... <i>Fred S. Hall, Secretary</i>	180
ALLEGHENY COUNTY CHILD LABOR ASSOCIATION <i>Clara E. Farr, Secretary</i>	182
RHODE ISLAND COMMITTEE ON CHILD LABOR <i>Annie H. Barus, Chairman</i>	183
VERMONT CHILD LABOR COMMITTEE... <i>Anna Hawks Putnam, Secretary</i>	184
WEST VIRGINIA CHILD LABOR COMMITTEE... <i>Nola McKinney, Secretary</i>	185
ANNUAL REPORT OF THE GENERAL SECRETARY OF THE NATIONAL CHILD LABOR COMMITTEE	186
CONSTITUTION AND BY-LAWS OF THE NATIONAL CHILD LABOR COMMITTEE.	202
PROCEEDINGS OF THE SEVENTH ANNUAL CONFERENCE ON CHILD LABOR: PROGRAM AND RÉSUMÉ OF THE MEETING	208

CHILD LABOR A MENACE TO CIVILIZATION

BY DR. FELIX ADLER,
Chairman, National Child Labor Committee.

I wish to emphasize, in the remarks I am about to offer, the importance of this movement, as being not only in the interest of the child, but of civilization.

There is a Greek legend, according to which an ancient city was built to the sound of music. A great musician struck the lyre, and as the strains he wooed from it rose into the air, so rose the walls of the favored city. The meaning of the legend is transparent. Music was to the Greeks the incarnation of measure. They believed that the whole life of nations, as well as of individuals, should be musical—that is, subject to due restraints. They would have condemned as grotesque a civilization based on the exaggerated appreciation of a single end, such as material prosperity, and characterized by the absence of self-containment in the pursuit of this and by lack of consideration for other, higher social interests.

I could not help thinking of this ancient story on visiting, as I have now done for the first time, your beautiful and wonderful city, situated, as it is, between its lovely hills: a city extemporized, as it were, at the bidding of energy and genius; a city destined, it would seem, to become the centre of an ever-increasing population. And I could not but wish that your Birmingham, too, may, like that city of old, be built to the sound of music—that is, with due regard to the nobler human purposes involved in the future civilization of your community as well as of the whole country.

The child labor movement is making headway in every part of the United States, though with unequal acceleration. There have been notable gains, both in legislation and also, though not equally so, in enforcement. The former, without the latter, needless to say, is inadequate. And yet, what even mere legislation can accomplish may be seen in the fact that the greatest number of young persons who enter the field of industry are of the minimum age permitted by the law. From this it is evident that by raising the

minimum age the influx of young persons into industry may, to a certain extent, be controlled.

Everywhere, then, there has been a distinct forward movement; and yet the goal is still very distant and we need the earnest support and co-operation of all who appreciate "the holy war" in which we are engaged; a war having for its object the stability of civilization as well as the welfare of the child.

Permit me, with particular emphasis, to call attention to the following point. All students of sociology are practically agreed that it was the prolonged infancy of the human child that made civilization possible. The long period during which the child is non-productive has been the condition *sine qua non* of the evolution of human beings; and this for two reasons—first, the prolonged state of dependence has elicited the tenderer traits, the capacity for self-sacrifice, in the parents. Without the children pulling at our heart-strings we should still be savages to-day. Without the qualities of generosity and self-sacrifice, no civilization is worth having.

In the next place, the prolonged exemption of the child from productive industry has been the means of securing to it the opportunity of physical growth and of mental preparation for the later work of life.

The thinkers of the world, those who have given the greatest attention to the problems of human development, unite to impress upon us the truth that mankind has slowly grown out of the state of primitive barbarity, has slowly climbed to the level upon which we stand to-day, thanks to the leisure and respite granted to the young offspring of human beings. And yet, at this very moment we find that wherever mechanical industry is introduced the temptation proves almost irresistible for those who have in mind only immediate and quick material aggrandizement, to rob the child of that leisure and respite so necessary for its own sake and for the sake of progress in general, and to employ the cheap labor of little children in order to multiply profits.

In the first volume of the report on the Condition of Woman and Child Workers in the United States, we find the following figures: In five Southern states, 143 establishments were selected, and in these establishments, and in nine or ten others, in the State of Mississippi, there were found well-nigh a thousand children, eleven years and under, at work. Think of it!—children of eleven years

old and under at work. To one not acquainted with the facts, such a statement seems hardly credible; yet the statistical data have not been impugned. We find that of children seven years old, there were in these establishments seventeen; of children eight years old, twenty-eight; of children nine years old, 107; of children ten years old, 283; of children eleven years old, 494.

Many of us have children of the same ages—eleven and ten and nine and eight and seven. I ask you, in imagination, to put your own children into the places of these little wage-workers. Can you imagine yourselves, for an instant satisfied that any child of yours, of such tender years, should be compelled to toil at monotonous, wearying, uninspiring, uneducating labor, as are these children?

Is there not something contrary to the nature and spirit of the American people in these conditions? Is it, I ask, congenial to our character, to our institutions, to permit that the weak shall bear the burdens of the strong? Is it in harmony with American principles that 949 children eleven years and under shall do work that ought to be done by adults?

But, if we ask for the reasons that have made this state of things possible, I think we shall find that the principal reason is ignorance and lack of enlightenment on the part of parents, employers, and the general public alike, rather than any desire to inflict harm. And if we consider the operating motives, I think they may perhaps be classified briefly as follows:

Child Labor Maintained by Fallacy

In the first place, the fallacy of reasoning from exceptional to average cases. An employer who began to work as a child, who never had any special educational advantages, who forced his way upward by sheer pluck, intelligence, shrewdness and will-power—such a man is disposed to ask: Why cannot others achieve what I have accomplished? He forgets that he is the exception that is very far from proving the rule. He has had exceptional gifts, exceptional tenacity, exceptional opportunities!

A second reason—especially in the Southern States—is the marked individualism that resents the interference of the state, and would limit such interference within the narrowest bounds. This narrow attitude is giving way, and is bound to give way, more and

more, under the imperative pressure of social necessities, and a more enlightened individualism will take its place—an individualism which realizes that collective action within its proper field is not only not prejudicial to the highest development and enrichment of individual life, but is rather its indispensable prerequisite.

A third motive is false sympathy. The wages of the little children, it is said, are necessary to complete the income required by the family. And from this point of view it seems unfeeling to deprive the parents of that increment to their revenue which can be furnished by the little hands. This argument, however, is based upon a failure to see that if the earnings of the children were withdrawn, in the long run the adult-wage would rise. It is true that in the period of transition before this appreciation could take place, there would be suffering. But is it not the duty of society in general to come to the rescue at this point and to minimize the evils that are always involved in any passage from a lower to a higher stage?

The appeal to sympathy, I contend, is fallacious. Admit that the present condition is evil, admit that a better condition can be reached; then it is a profound error to limit the appeal of sentiment to the sufferings to be endured in the interval, instead of directing it to the continuous and multifold evils that will ensue if the present condition remain unaltered.

And there is one point more to be noted. One of the reasons why the movement for the abolition of child labor is retarded, why it meets with such persistent opposition, is sectional patriotism. I think we shall find in any new community, combined with the individual desire to get wealth quickly, an ambition that the community of which one is a member may compare favorably with others in respect to rapid material progress. This is especially likely to be the case in a section like this wonderful Southern country, the immense resources of which have been lying dormant so long, and which is now opening up prospects of vast extension of power and wealth to those whose imagination is capable of conceiving of them.

We may allow for the unselfishness, or, to speak more truthfully, the collective selfishness, implied in this motive. But none the less we must insist upon the peril and the folly of striving for economic power at the expense of those permanent social assets and interests of which I spoke at the beginning.

Robbing Society of Childhood

Let me give you a concrete example of what I have here in mind. In the same government report to which allusion has been made, several cases are mentioned that have occurred in North Carolina mills. They are not typical in any sense; but they do indicate the dangers incurred, the havoc wrought, whenever the materialistic incentive is allowed to operate unchecked.

In one of the mills the children of a single family—one thirteen years old, one eleven years old, and one ten years old—have worked for a considerable part of the eight months preceding the investigation, on an average seventeen hours a day. Consulting the pay-rolls, the investigator found that they were paid off at the rate of seventy-eight to eighty-four hours a week. These children would work from six a. m.—remember, children thirteen, eleven and ten years of age—until six p. m., with thirty-five minutes intermission for dinner, and then, after supper, would frequently return to work for half the night until midnight, or would remain at home until midnight and then turn in to work the second shift of the night—children, I repeat, ten, eleven and thirteen years of age. Imprint these facts upon your memory. Such concrete cases are more cogent than a world of abstract argument. Such conditions are still possible in the United States. And why are these children so mercilessly overtaxed? In some cases, it is true that the father, being a ne'er-do-well, simply lives on the earnings of his children. But in the case mentioned it was not so; the father of the family was himself a hard-working man. He did not spare himself—he worked hard day by day. He was merciless to himself, and he was merciless to his offspring. Often, indeed, we find that those who are willing themselves to endure the greatest hardships are the most ruthless and pitiless toward others. This man did not spare himself, and he did not spare his own flesh. He worked, and his children worked. And, of course, we are not surprised to hear that not one of them had any education, that neither the parents nor the children could read or write.

Then there is another family mentioned where there were five wage-earners, several of them children. Together they had accumulated in one year the sum of \$400, but neither the adults nor the children of that family could read or write. And the youngest, it is said, was an exceptionally bright child—a child of ten years.

Surely it is pitiful to think of an exceptionally bright child who has not the opportunity to acquire even the rudiments of an education.

In this government report we learn also that not fifty per cent of the children who are at work at fourteen have ever had as much as twelve months' schooling.

And so I repeat, that not merely considerations of sentiment, but concern for American civilization should enlist us in this movement for the protection of the children. For how shall we ever work democracy with men who, when they were fourteen years of age, had not even had twelve months' schooling? Or with unusually bright children who had not seen the interior of a school-room? Or with children who are in the mills—I will not say seventeen hours a day, but during the normal factory day? Children as young as these, of whom there are so many in the South, and so many more in other sections of our land.

Menace to Efficiency

And there is yet one other reason which I wish to mention. A general discussion is at present going on, on the subject of efficiency, and whatever doubts may be expressed as to certain means of producing efficiency, it is unquestionable that efficiency itself, of the right kind, is the condition, not only of progress, but of maintaining the standards at which we have already arrived. Efficiency means physical vigor unimpaired, for without a sound body there cannot be a forward-reaching, vigorous intelligence. Efficiency means mental training of such a kind that the worker shall understand the principles underlying the processes. The efficient worker—the skilled worker, as we call him—is he who, instead of merely repeating a process, understands the reasons for it, and therefore is intelligent about it; and because he is in daily touch with the details of the work, can suggest improvements of it. Efficiency, then, depends on physical strength and mental and moral development, and the movement for the abolition of child labor, regarded from this point of view, is nothing else than a movement having for its purpose to provide, for those young children who are to be the workers in America, the possibility of becoming efficient. Without this supreme quality they will not be able to compete with the workers of other countries. Without it they will not be able to maintain and to further elevate the standard of living among the

working class. Efficiency in all lines of activity is to-day, more than ever, the supreme desideratum. But how can the thousands of young children who are employed to-day become efficient, if we waste their possibilities by premature exploitation? How can they become efficient if not fifty per cent of them have twelve months' schooling? How can we ever hope to make them efficient unless we preserve for them intact and sacred the prolonged childhood, on the basis of which humanity has risen to the level of civilization it occupies to-day?

THE CONSERVATION OF CHILDHOOD

BY COLONEL THEODORE ROOSEVELT.

Friends, Men and Women of Alabama, My Fellow Americans: I come this evening to speak to you on one of the great, fundamental questions of our citizenship in this republic.

Doctor Lindsay has spoken of the fact that I am interested in the fundamental problems of the home. Of course I am. Why really down at the bottom I have cared for political life chiefly insofar as it gave me a chance to deal with the questions that are usually held to be entirely non-political questions. We can have all kinds of tariff systems, and yet get on with them pretty well; we can have one or another plan followed out as regards many of the subjects most discussed, and discussed with most fervor in Congress, and still at the end get along fairly well, no matter which way the vote has gone. But we cannot get on well unless we have the right kind of home, the right kind of family life in this republic; we cannot get on well unless the children of this generation are trained as they ought to be trained, and live the kind of lives that will make good citizenship in the next generation.

I make an appeal for limiting by law the age under which children shall not be allowed to work, an appeal for limiting by law the hours that they shall be allowed to work in the daytime, and an appeal absolutely to prohibit by law working them at night.

I do not ask you to pay heed to anything I say, excepting as you judge it right in thinking of your own children. Are you content, would you be content to have your own children of tender age work even as much as sixty hours a week? Would you be content to have them work at night? Would you be content to have them work under a certain age? I only ask that you women and men, you mothers and fathers think of your own children, and see to it that the children of others, the children of the people of this

generation who cannot help themselves, receive the protection by law that you are fortunate enough to be able to give in your own families to your own children.

You are able to protect your children yourselves. You are able to see that they have the chance to go to school, that they do not waste the best—"waste" is not the term—that they do not *abuse* and use up their young lives in labor when they are too young to work. You here can protect your children, and you do not need the state to step in to help you protect them. I ask you to see that the state, that the government that represents all of you, steps in to protect the other children who have not parents able and willing to protect them. I do not want you to accept a single statement I make, except by running it over in your own minds and testing as to whether or not it squares with your own sense of righteousness, your own sense of square and honest dealing. All I want you to do is to think, as regards your own small people, whether what I say is not true; and if so, whether it ought not to apply to all children, even though those who ought to protect them are unwilling or unable to protect them. That is all I ask.

England's Lesson

At the outset, I want to ask your attention to a strange and lamentable fact that has become evident during the past sixty years in England. I am speaking to people who are predominately of English ancestry, whose blood is almost—not quite, but almost—the same as that of the people of the British Isles. It is about a century and a quarter ago that the factory system began to develop with intensity in England. It marked the beginning of a period of enormous industrial prosperity. The trade of England grew by leaps and bounds; its wealth grew by leaps and bounds; its dominion over the waste places of the world grew by leaps and bounds. But the manhood in the lower ranks did not. In the upper ranks, the ranks of the employing classes, the Englishman continued to be what he had been. The generals, the statesmen, the leaders were substantially of as high a type as they had been before. There were many philanthropists, many political economists; many men of that stamp. But the English yeoman, the rugged, vigorous man who in a hundred fought fields, century after

century on continental Europe, had failed to meet his match among the nations against whom he was pitted—the English yeoman disappeared, and the under-sized, stoop-shouldered, anæmic factory hand took his place.

In the Crimea, the first soldiers that went to the front fought wonderfully. They were the men of Balaklava and Inkerman; but when sickness and wounds had thinned their ranks, it became necessary to fill their places with the men from the factories of London, and the first time the test came those men failed. Recently, the English had to wage a war with a small South African people, and their recruiting officers met with the greatest difficulty because the great centers of English population no longer produced a race physically in any way up to the level of the Englishmen of a century ago. The English army authorities had to reduce the standard of height, of chest measurement, of weight, in order to get recruits at all; and the men they got in too many cases were of such inferior physique that they died, like sheep, of fever before they even had a chance to meet an armed foe in the field.

I think that lamentable result—and I speak of it with genuine feeling as lamentable, for I am one of those who wish well to the British Empire, and so far from speaking with any exultation of any woe that befalls it, I speak with genuine and unaffected regret—that result has been due primarily to the fact that for over a century English statesmen in accordance with the demands of effective English public opinion, treated the man—the average man—as nothing, treated his welfare as nothing compared with the success of business, compared with the accumulation of wealth, compared with the achievement of a wide-spread industrial supremacy.

In the Northern States we have seen a great industrial growth, and after much fighting, after continuous effort to overcome what I cannot but regard as the truly short-sighted position of the employers of labor and of the statesmen, especially the judges who take their ideas from the employers of labor, we have finally succeeded in getting reasonably good laws on the statute books for the protection of child labor; not as good as they ought to be, but reasonably good. In the North, the child labor we are protecting is the child labor of immigrants—Slovacs, Poles, Italians, French-Canadians, Portuguese, Greeks. It is our duty, of course, to protect

them, just as much our duty to protect them as to protect our own children. But you women and men here are asked to protect your own flesh and blood. You are asked to protect the children of native Americans, the children of people of the same Revolutionary stock as yourselves. You are asked to see that your stock does not go down as the stock in the parent country has gone down.

I wish to see the new South go forward. I take the greatest pride and exultation in every particle of your industrial success. I am glad to see the spirit of the new South, embodied as it is here in your marvelous city, but I want you to keep the power of idealism of the old South. We are fortunate enough now, in whatever section of the country we may live, to be able to take equal pride in the deeds of heroic valor, in the iron endurance shown alike by the men who wore the gray and the men who wore the blue in the great Civil War. We feel keen woe that ever brother should have had to fight against brother; but since they did have to fight, we are glad they fought well. We are glad they had the right stuff in them. Never again, should this republic endure ten thousand years, never again will brother fight against brother. Once for all we are united forever.

But if in the future it ever becomes necessary for this nation to call on her sons, woe to us if those sons are unable to respond in the spirit of the men who fought from '61 to '65. Woe to us if we cease to develop men able in time of need to prove by their deeds that our race has not lost the fighting edge. And in the last analysis, the qualities that make the best soldier are those that make the best citizen. I ask you to remember that great though the importance of developing the mine, the mill, the factory, the railroad, great though the importance of developing all that tends to make for industrial supremacy, it is still more important to develop the right kind of citizenship.

I want you to take pride in getting the very best machinery. It is a good thing; just as it is a good thing to be able to have the best kind of firearms; but you must have a middling good man behind your gun, or the gun does not count. In the same way it is even more important to have the right kind of man behind the machine than it is to have the right machine. And you can not have the right kind of man unless you have the child trained in the right way, unless you have the child brought up amid right conditions.

As Unto Your Own

How do you want your children brought up? You mothers and fathers who are fortunate enough to be able to decide for yourselves how your children shall be brought up, think of how you wish them brought up, and then see to it that the state provides that as far as possible the children in less fortunate conditions shall at least approximate in their bringing up to what you demand for your own children. Now is not that a common-sense demand? I am not asking you to consider anything abstruse. I am asking you to think of your own experience in the most intimate relations of life, and to see insofar as possible that the state provides somewhat similar conditions for the children of those who cannot or will not take care of them, that you who can and will take care of them provide for your children. That is all I am asking.

It ought not to be necessary to make very much of an appeal. You have done a great deal in Alabama to improve your stock, to improve your breeds of horses and of cattle. You use horses and mules for ploughing; sometimes oxen. How far would you get in a stock farm if you plowed with your colts? Put a couple of calves to a plow, and see what kind of oxen they will make. There is not a farmer that would not laugh at so much as considering the possibility of it. It strikes everyone at once as absurd. Yet I ask no more for the children than that you give them the same show you give to the colt and calf. That is all.

A Federal Children's Bureau

In this matter, something must be done by the nation, but most must be done by the states. Something can be done by the nation. There are a good many things that I cannot understand in Congress, (I speak after a somewhat intimate acquaintance with the subject.) and one of the things I can least understand is the refusal to pass a law making a very small appropriation for a bureau of child welfare, somewhat akin to the Bureau of Labor. The same objections are made to it that I have heard made to the Bureau of Labor. We are trying to establish all over the country, as you are trying to establish here, juvenile courts, courts which shall take care of the children who tend to become bad, and prevent them from becoming bad, instead of treating them as criminals and providing elaborately that they shall become criminals by so treating

them. We are trying to work for the limitation of the hours of labor for children all over the country, and for raising the age at which children can be employed in labor at all. We are hampered at every step by the fact that in making any effort in any one state, there is no body to which we can turn for information as to what has been done and how it has succeeded in other states. It is a perfectly elementary proposition that the Federal Government ought to do what little it can in this direction by providing for such a bureau, which will enable the thoughtful man or woman who wants to find out what ought to be done to turn at once to an authoritative publication and find out what has been done, and therefore be able to gauge the possibilities of having something similar done. The bill for this purpose has been going through the usual course of measures that, because they are in the interest of everybody, do not appeal especially to the improper interest of anybody. Congress will provide money with a lavish hand for a lot of things for which it ought not, because there are certain special interests to be gratified by the appropriations, and then the same man who will work himself almost to death to get a public building where it is not needed, or to dig out a creek that you could not float a canoe on when it is dug out—that same man will turn around with lofty austerity and say that he does not think that the Constitution meant that the money of the tax-payers should be spent to the extent of one-tenth of a cent per individual in the United States in looking after the interests of the children in the United States. Children do not vote.

While there is something that the Federal Government can do, I am well aware that the problem in the different states assumes different forms. I do not intend to dogmatize very much about conditions in Alabama, but I do ask that you satisfy yourselves, that you get committees of your own number here, women and men who are here, to go into the mine, to go into the factory, and see for yourselves just what the conditions are, and whether you are willing that the boys and girls who are to make the men and women of Alabama in the next generation, should work for excessive hours, when of tender age, under such conditions as you will see.

A Century Ago and Now

Last summer I went through the mines in a section of Pennsylvania. As to certain things I saw there, there was a difference of opinion; but I never met one particle of difference of opinion as to the enormous benefit that had come to the children from raising the age at which they were allowed to be employed from twelve to fourteen years, limiting their hours, and especially eliminating night work. Thirty or forty years ago in Pennsylvania, children were employed in the mines at eight and nine years of age. A century ago in England, Parliament for decades refused to act in the way of prohibiting the work of women and children underneath the ground in coal mines, where the children would be used—little tots of six and eight—to work on all fours all day dragging cars in and out of the shafts that were too small for the grown people to come up in, and where the women, young girls and mothers were kept all day working, dragging these coal cars as if they were beasts. The answers to the appeal for the change then were exactly such answers as are made now when we appeal for a change in the laws of the present day: "You cannot interfere with the liberty of the individual." "You must not interfere with business," and "It would not do, for if you took the children out of working on all fours in the mines, they might become mischievous and idle." Then, as now, when it was urged to give the child a chance to be educated, not to spend its years of growth in the factory so that it should emerge stunted and anæmic, the answer was that the factory was light work, that the work of the spindle was so easy it was rather healthy than otherwise that the child should be employed at it. There was one report made in the interest of manufacturers that picking oakum from twelve to fourteen hours a day was a healthy thing for children; it kept them from mischief and did them good. The same kind of statement exactly, hardly with a variant in the crossing of a "t" or the dotting of an "i," is made at the present day in the defense of those who wish to exploit the childhood of the country for their own financial profit.

Alabama is well on in the early stage of a period of phenomenal industrial development. I ask you to study what has been done in similar periods in Northern States and in England. Study it

with an open mind. Study it to find what to follow and what to avoid. Study the successes and study the failures, study conditions that tell for good in the factory towns of the North and of England; and those that tell for what is evil. I have been fighting in New York ever since I have taken any part in political life, for thirty years, for laws providing for workmen's compensation, and for laws that shall make it possible for men and women in tenements—make it not merely possible but imperative that they shall live under conditions that tell in favor of decency and cleanliness. And at every step of that thirty-years' fight I have been met by worthy, conservative people who have told me: "Oh, but you must not do this; you can't interfere with the liberty of the individual to contract not to recover damages, if he or she gets hurt, under the law", and so on and so on. And the effort we made to improve the conditions in the tenement houses in New York by forbidding the manufacture of tobacco in them was declared unconstitutional by the courts, and of all things in the world, the excellent gentlemen making up the court said that we could not put a stop to these unspeakable conditions in tenement houses, because we must not interfere with the sanctity of the home.

Here at the outset of your great industrial career, I hope you will see to it that you have a proper workmen's compensation act; and I hope you will see to it that you have the proper kind of act for the protection of children, for the protection of the citizenship of the future. I hope you will go much farther than that, and I hope you will see to it that wherever women are employed, young girls or older women, that the conditions of employment, as regards the length of hours, and as regards the conditions, such for instance as furnishing them seats where they can sit down, are such that the women shall not end the day's work utterly worn out, end each day's work with such a strain upon her body, upon her physical constitution that she can not help being a physical wreck before she has passed through half the years that she should pass through.

Remember, that the human being is the most important of all products to turn out. I am eagerly anxious to do everything I can to wake up our people to the need of protecting the soil, protecting the forests, protecting the water; but first and foremost, protect the people. If you do not have the right kind of citizens in the

future, you cannot make any use of the natural resources. Protect the children—protect the boys; still more, protect the girls; because the greatest duty of this generation is to see to it that the next generation is of the proper kind to continue the work of this nation.

STANDARDS PROPOSED BY UNITED STATES COMMISSION ON UNIFORM LAWS

BY HON. A. T. STOVALL,

Member, Special Committee on a Uniform Child Labor Law of the American
Bar Association and Commissioners on Uniform State Laws,
Okolona, Miss.

I desire to thank the National Child Labor Committee for the great assistance rendered in the preparation of the law we reported to the Conference of Commissioners on Uniform State Laws at its last annual meeting in Chattanooga in August, 1910, which law will come before the conference for discussion and adoption at its next annual meeting in Boston in August, 1911.

The Conference of Commissioners on Uniform State Laws is an organization of lawyers, appointed by the governors of the several states for a term of years, to meet together annually for the purpose of considering and recommending to the legislatures of the several states forms of bills or measures to bring about uniformity of laws on certain subjects, one of which is the subject of child labor.

The subject of uniform state legislation was first agitated by the American Bar Association about thirty years ago, when its Committees on Jurisprudence and Law Reform and Judicial Administration recommended the passage, by the legislatures of the several states, of various uniform acts. This led in 1889 to the creation by the American Bar Association of a Committee on Uniform State Laws, consisting of one member from each state. About that time several of the more progressive and commercial states appointed Commissioners on Uniform State Laws, and invited the other states to do likewise. This was done, and a meeting called at the same time and place of the annual meeting of the American Bar Association. Since that time that Association has regularly appointed on its Committee on "Uniform State Laws" the Commissioners from the several states, who were members of that Association; and so, the action of the Commissioners and Committee, being one and

the same, means much for such measures as receive their unanimous approval, which we hope to have for the "Uniform Child Labor Law."

As evidence of the value of the approval and recommendation of the American Bar Association and the Commissioners on Uniform State Laws, I cite you the result in the following instances:

Uniform Negotiable Instruments Law, adopted in thirty-eight states.

Uniform Warehouse Receipt Law, adopted in more than twenty states.

Uniform Sales Law; Uniform Stock Transfer Law, and Uniform Bills of Lading Law, adopted in many of the states.

The Special Committee on "A Uniform Child Labor Law" was appointed at the annual conference at Detroit, in August, 1909, and immediately organized by electing Hon. Hollis R. Bailey, of Cambridge, Mass., chairman, and Hon. Amasa M. Eaton, of Providence, R. I., secretary; and began at once to consider this subject.

The committee met again in Washington, D. C., in January, 1910, in connection with a conference arranged by the National Civic Federation, and there held several well attended public hearings.

At this Washington meeting the philanthropist, manufacturer, representatives of the National Child Labor Committee, the Southern Child Labor Committee, National Consumers' League, and many others presented their views to the committee, which after duly considering the subject, adopted the Standard Child Labor Law, prepared by the National Child Labor Committee, as a basis from which to build a Uniform Child Labor Law.

We then sent to employers of child labor, interested philanthropists, labor organizations, committees for the prevention of child labor, and others, copies of your Standard Child Labor Law, with a request for answers to the following questions:

1. What changes are needed in the enclosed act to make it suitable for adoption as a uniform child labor law?
2. What objections are there to the act in its present form?
3. What serious omissions, if any, are there in the act as framed?
4. What further provisions, if any, are needed to make the act more capable of enforcement?
5. What provisions are there in the act which may be deemed unreasonable?
6. What provisions, if any, are there in

the act which should be made more stringent? 7. Is it desirable to have a uniform child labor law in the different states, and if so, why? 8. What objections are there to having a uniform child labor law in the different states?

After receiving many replies from those believed to be hostile to child labor legislation, as well as those believed to be favorable, the committee prepared a tentative draft of a uniform child labor law, which was submitted to the officers of this honorable organization for criticism and suggestions, and further considered by the committee; whereupon a new draft of a uniform child labor law was prepared, and submitted to the annual conference of Commissioners at Chattanooga, last August. That is the law my committee, with some few alterations, will ask the Conference of Commissioners on Uniform State Laws, at its next annual meeting, in August, 1911, at Boston, to adopt and recommend to the American Bar Association for its approval; after which it will be sent to the legislatures of the several states, endorsed by the Conference of Commissioners on Uniform State Laws and the American Bar Association, for the purpose of enactment into law.

I am interested deeply in the high purpose of the work of the National Child Labor Committee, and so are the many delegates and representatives of child labor organizations here; in fact the people of the United States are aroused as they never were before. They are sick, tired and disgusted with the legislatures of some of the states appropriating thousands of dollars annually for the protection of hogs, cattle, oysters, etc., and not one cent for the protection of the children of the states, the most precious national resource.

I need not argue before this body the necessity for child labor legislation. Public sentiment throughout the nation has demanded such legislation, and this sentiment has been crystallized into law in every state in the Union, save one, I believe; but in no two states are these laws the same; and yet they ought to be, for you have the same subject to deal with, and practically under the same conditions. Such legislation works an injustice to the child, as well as to the employer of the child; hence the necessity for uniform laws.

The uniform law will prevent shiftless, impecunious and drifting parents from exploiting their children's labor; and the manufacturer from removing, or threatening to remove to another state

because of more favorable laws; and will be easier of enforcement because decisions of disputed questions in one state will be persuasive, if not a precedent, in another state.

It has been the purpose of the committee to prepare a sane and reasonable uniform law, embodying the best features of all the different state laws now in force on the subject; in other words, it was the object of the committee to present a law which any state could adopt without lowering its present standard.

It is the sense of the committee:

I. That it will not be as difficult to have this uniform law enacted—although it raises the standard of the several state laws now in force, changing them either in age limit, character of employment, hours of labor, enforcement, etc.—as it was in the beginning to secure the enactment of the existing child labor law. It is natural that we all want the best, and so you can appeal to state pride, which is a powerful stimulus, and in addition, plead the benefit that will accrue to the child in giving it a better chance in the world, and to the employer in more efficient labor, and at the same time put him on equal footing with his competitor in the other states.

II. That the larger manufacturers and more important industries employing child labor favor the increased age limit, no exemptions and a strict enforcement; all of which is good for the child; and so you will have the support of the large manufacturers for the uniform law.

III. That child labor is being lessened, and employers are in greater numbers recognizing the fact that the labor of children under fourteen, and even between fourteen and sixteen, is wrong on humanitarian grounds, and in many instances, not profitable to the employer; and these employers will favor the uniform law, because of its higher standard, the equality, and the increased efficiency of labor resultant.

IV. That many children under sixteen are at work because they desire this in preference to going to school, or in order to get some extra convenience or comfort, and not because of the necessities of the family; so it is the opinion of the committee that compulsory education is necessary, for the good of the child, the employer and the state.

V. That the earning capacity of a child who begins work after sixteen years of age very soon overtakes and surpasses the earning capacity of a child who begins work at fourteen years or under; and that in a few years the income of the family would be increased if the child be excluded from work under sixteen years of age. For this reason the uniform law should be favored by the parent and the employer.

The committee, being fully satisfied that the higher standard proposed by the uniform law prepared by the committee from the Conference of Commissioners on Uniform State Laws will work the greatest good to the child, the employer and the state, hopes that this organization, as well as others interested in child labor legislation, will unite in endorsing and urging the adoption of the uniform law, which law prohibits:

1. The labor of all children under the age of fourteen years in any business or service during any part of the term in which the local public schools are in session; and even when the schools are not in session in, about or in connection with any mill, factory, workshop, quarry, mercantile establishment, tenement-house, manufactory or workshop, store, business office, telegraph or telephone office, restaurant, bakery, hotel, barber shop, apartment house, bootblack stand or parlor, or in the distribution or transmission of merchandise or messages.

2. The employment of children under sixteen years of age at any occupation or position dangerous to life or limb, naming them, and they are many, and including any other employment declared by the State Board of Health to be dangerous to life or limb of children under the age of sixteen years.

3. The employment of children under sixteen years of age in any capacity in, about or in connection with work injurious to health or morals of such children, specifying the occupations or positions.

4. The employment of children under eighteen years of age, in, about or in connection with blast furnaces, docks, wharves, erection or repair of electric wires, running or managing elevators, lifts or hoisting machines, hazardous and dangerous machinery in motion, switch tending, gate tending, track repairing, brakemen, firemen, engineers, motormen, and other specified occupations and positions, and prohibits further any other employment

declared by the State Board of Health to be dangerous to lives or limbs or injurious to the health or morals of children under the age of eighteen years.

5. It provides that the State Board of Health may from time to time determine whether or not any particular trade, process of manufacture or occupation; or any particular method of carrying on such trade, process of manufacture or occupation, is sufficiently dangerous to the lives or limbs or injurious to the health or morals of minors under eighteen years of age employed therein to justify their exclusion; and may prohibit their employment therein.

6. It prohibits the employment of any person under twenty-one years as a messenger for a telegraph or messenger company before five o'clock in the morning or after ten in the evening; nor more than eight hours in any one day.

7. It prohibits the employment of boys under the age of sixteen years, and girls under the age of eighteen years between the hours of seven p. m. and seven a. m., or longer than eight hours in any twenty-four hours, or forty-eight hours in any one week.

8. It requires the child, before going to work, to satisfy an officer appointed by the school authorities that it is fourteen years of age and upward; is in good health, and has reached the normal development of a child of its age; is able to perform the work it intends to do; is able to read and legibly write simple sentences in the English language, and has attended school for a full term during the year next preceding going to work.

9. It requires the parent or some one *in loco parentis* to make oath as to the exact age of the child before allowing it to begin work, or produce a transcript of the record of birth or baptism or other religious record of the time and place of the birth of the child; and to produce a record of the child's school attendance signed by the principal of the school which the child attended.

10. It requires the employer, before allowing a child to go to work, to obtain and place on file, ready for official inspection, the school record of the child, properly filled out and signed; a duly attested transcript of the certificate of birth, baptism or other religious record, showing the date and place of birth of the child, or affidavit of the parent, guardian or custodian showing the date and place of birth of the child; and a statement of the proper official, appointed for that purpose, that he has examined the child and approved the papers.

11. After permitting the child to go to work, the employer is required to produce the foregoing records on demand of the school authorities, truant officer or factory inspector; and when the child ceases to work, the employer is required to restore the papers to it.

12. During the time a female child is at work, the employer is required to furnish suitable seats, and permit their use, so far as the nature of the work will allow.

13. The employer must post, and keep posted, in a conspicuous place, the hours of beginning work in the morning, stopping work at noon, resuming work in the afternoon, and stopping work at the close of the day; and all work done after the time stated in such notices constitutes a violation of the law. The total number of hours must not exceed eight a day, nor forty-eight a week.

14. The uniform law prohibits a male child under ten years and a female child under sixteen years from engaging in any street trade, and requires a permit and badge for a child working at any street trade; that the badge shall be worn conspicuously at all times when at work; that it shall expire annually on the first day of the year; and that the color of the badge shall be changed each year.

The uniform law has no exceptions or exemptions in favor of the child or employer, and provides reasonable penalties for the violation of its provisions.

It therefore has the advantage of all laws on the subject in having the best of each, and, in our judgment, is better and fairer to the child, to the employer of the child, and to the state.

And for these reasons we believe the uniform law will have the hearty support and co-operation of the people generally—in other words, the community—and so be effective; for we know (in the language of a report of the National Child Labor Committee), that “no law enforces itself, and no officers can enforce a law which depends on them alone. It is only when they are consciously the agents of the will of the people that they can make the law really protect the children effectively.” So we believe the uniform law is not only a better law, but easier of enforcement.

WHAT SHOULD WE SACRIFICE TO UNIFORMITY?

BY MRS. FLORENCE KELLEY.

Nine years ago the General Federation of Women's Clubs discussed child labor and the relation to the children themselves of women, who clothe themselves so largely in the products of the work of children.

Miss Jane Addams suggested that instead of passing resolutions, and feeling very badly and then going home and acting exactly as before, we lay before the women of this country a brief summary of the law of each state, so simple that everyone could see if there were any states which had no legislation, and which states came nearest to having no legislation, and which states, perhaps, had laws that looked like good ones but could not be enforced, and which states had the best laws.

In that year the National Consumers' League condensed into a little four-page pamphlet a summary of what the states had done to protect children who work, hoping that those which had done the least might move forward more rapidly than they had done when there was no standard by which to measure progress. The blacklist of states which had no legislation was surprisingly large. The next year, we expanded that little statement, and the list of states which had no legislation had already shrunk. One or two had even in the first twelve months, in part through the exertions of the women's clubs, passed their first child labor laws.

Then the Consumers' League regularly set up a standard law and asked all the states to approach that; we put into our standard law all the best provisions of all the best statutes then in force. But it has proved to be a standard only in the way that a yard stick, or a foot rule, or a quart measure is a standard. We have been able to measure progress by it, but progress away from it has been much more rapid than progress toward it. At that time no one foresaw that in the year 1911 we should be further away after nine years' effort from having a uniform law than we were in 1902 or 1903.

The stimulus did not work towards uniformity as we had expected; it worked in the opposite way. It showed the friends of the children in the most advanced states how far from ideal was the most advanced legislation that we already had; and the net result of the publication of hundreds of thousands of copies of that standard law is that we have less uniformity to-day than we had in 1903. I venture, although not a prophet nor the son of a prophet, to foretell that Mr. Stovall will spend the next fifteen years in moving his uniform law up because, for instance, while it has been under discussion, the state of Texas has taken a flying leap, and instead of establishing fourteen years as the age limit, has provided that children under seventeen years shall not work underground, and children under fifteen years shall not work in mills.

Those states which had previously done the most went actively ahead, and laggard states lagged as before. There is a greater divergence between the legislation of Georgia and Montana and Ohio now than there was nine years ago between the states which had no legislation and those which had the best; because those which have very little industry calling for children have gone forward by leaps and bounds. It is, perhaps, not surprising that the state with the most sweeping provision that no child below the age of sixteen years shall be employed in any gainful occupation is Montana, which has no occasion for employing children except as telegraph and messenger boys, and is subject, therefore, to less temptation than any of the rest of us.

Next best, perhaps, after Montana comes a great industrial state; and when we are asked to consider at one of the sessions of this conference, "What shall we sacrifice for the sake of uniformity?" I am certain that no one will suggest sacrificing any excellent provision in force for the children of Ohio. In Ohio after six o'clock at night no girl under eighteen years old, and no boy under sixteen, can be employed in any gainful occupation. If we take down the receiver of a telephone in Cleveland or Cincinnati at night, it is not a young girl's voice that answers any more than it would be in New Orleans. Louisiana and Ohio share, I believe, alone the honor due to their humane provision that all night work, to which elsewhere we are so cruelly accustomed, shall be done not by young girls, not by any young person—a boy

under sixteen or a girl under eighteen years old—but by older people who do not suffer so cruelly from the loss of sleep. And no industry has left Ohio because of that provision. Surely, none of us for the sake of having girls answer the telephone (and perhaps having a few pennies less to pay in our monthly telephone bills, or a few dollars more dividends annually from telephone stocks or bonds) would lower the standard of Montana, Louisiana and Ohio towards uniformity on a meaner level. Nor would any of us suggest to Montana a backward step for the sake of uniformity, before she develops her wonderful water power, before temptation comes to her thereby. It would be sad indeed if, at any time when it was proposed to enact a far-reaching bill in any state, our efforts to bring up the laggards should be cited as a reason for discouraging those who are eager to go forward.

It is an idiosyncrasy of our American citizenship which we have to reckon with, that the citizens of every state like to have some particular excellence that distinguishes them from the citizens of any other state. It appears to give more satisfaction to a legislature to enact one feature of a law or a code which goes a little farther than any other law or code, than to remedy the worst thing in their law. That is, perhaps, because the worst thing in the law appears to be profitable to some powerful interest. Certainly, to-day lagging is due not to apathy, not to lack of interest of citizens, but to the extraordinarily efficient efforts of employers who believe it direct advantage to the profits of their industry that the proposed step should not be taken.

This is exemplified in the night work of boys in the glass industry in Maryland, West Virginia and Pennsylvania. Most efficient lobbies appeared before the legislatures to prevent all those laggard states from going forward in the matter of the employment of children at night. It is not accident, it is not neglect or apathy that keeps belated legislation from being brought up to the standard.

New Jersey and Indiana have just banished boys from their glass houses at night. Ohio did that years ago. Illinois did it in 1903. We do not wish those states to go back to the old cruelty of sleepless childhood for the sake of uniformity on the cruel level of West Virginia and Maryland, where children work in glass works throughout the night without breaking any law.

New York, our sinful metropolis, adopted last year a law

providing that no boy under twenty-one years old may be employed between ten at night and five in the morning in the delivery of messages and merchandise. That stops the worst Christmas cruelties, so far as delivery boys are concerned. It checks the demoralization of boys in the all-year-around service of the telegraph companies. Surely, we do not want uniformity by leveling down that hard-earned law to let boys into the messenger service at dead of night at sixteen, or at fifteen, or at fourteen years.

I think we shall have, by 1920, universally the prohibition of the employment of children under sixteen years of age at night and in dangerous occupations. I think we shall then have a new definition of the dangerous occupations. We are, for example, only beginning to realize that, if a child is sitting at work comfortably in a place well lighted and ventilated, and working relatively short hours—nine or eight hours—it may still be in the process of becoming entirely incapacitated for industrial usefulness later on by the mere single incident that that industry requires great speed. A healthy girl fourteen years of age, comfortably seated at work, with good light and good air, and not working more than eight hours a day, may still be efficiently worn out in a year by watching a sewing machine with twenty needles, each setting 3,300 stitches in a minute throughout the eight hours of the days of that year. I have no doubt that by 1920 we shall recognize a highly speeded multiple-needle sewing machine as constituting for the girl who works at it one of the dangerous occupations.

When the standard child labor law was drafted, that idea had never occurred to me, though I had been looking at those needles for years. But I have lived among the children; I have seen what speeding does to them; and I am convinced that, though we may keep the same age-limits for dangerous occupations, we shall, from year to year, put entirely new meanings into the word "danger." And we shall be demanding uniformity in the freedom from danger at no matter what sacrifice of profit.

Everyone here would agree that it is better for employers to have a uniform pressure of competition and not have ten-years old children working in one state in competition with those of twelve and fourteen and fifteen years in other states; it is better for children to spend their youth in school and at play, and to have leisure in the South as well as in Montana. But we do not wish to

arrive at uniformity by sacrificing what has been gained for the children. We do not want to sacrifice them, whatever else we sacrifice.

In New York City this winter we are getting a searching object lesson concerning sacrifice. Three attractive operas are being given for the purpose of testing the conscience of the people. We are asked to approve our present law, which makes it legal to have on the stage a babe in arms, or a little toddling child of two, a self-conscious boy of seven, or any delicate child at any age—the more talented the greater the temptation to have it on the stage. We are asked in the name of the children themselves to disapprove the law of Louisiana, of Massachusetts, of Illinois, and of Oregon, which humanely provides that children under fourteen years old shall not appear on the stage at night, and to approve our cruel New York statute, which authorizes our mayors to permit the employment of any child, at any age, on any stage in their discretion. Mayor Gaynor has within ten days signed the approval of employment of a child of four years upon the stage at night.

Our friends—the owners and managers, the singers and actors—of the theatre and the opera are testing our consciences by giving us beautiful plays and operas—"Koenigskinder," that charming little play, "Peter Pan" and "The Blue Bird," Maeterlinck's alleged masterpiece. All these we are told will be forever banished from our American stage, unless we concede that we care more for them than we do for the health, or the morals, or the safety, or the welfare, or the education of the rank and file of the theatre children. It is one thing to have a few selected, coddled and pampered alleged young geniuses performing at the Metropolitan, under conditions of extraordinary luxury and good care; and it is an entirely different thing to have hundreds of children trailing about the country in stock companies, making one night stands hither and yonder, while other thousands, scattered in every direction over the country, are playing in vaudeville and in connection with the moving pictures. Yet we cannot have the pampered prodigies and forbid the others.

We are asked the question, "What are you willing to sacrifice for uniform legislation?" The enlightened states, Massachusetts, Illinois, Louisiana, Ohio and Oregon have banished children from the stage. That is the reason Miss Jane Addams is not here to-

night filling the place which I am only trying to fill. She is in Springfield, Illinois, striving to save against the efforts of the combined manufacturers' association and theatre trust—against that united and powerful influence—the law which banishes young children from the stage in Chicago.

We are asked, "Are you willing to give up three beautiful operas and the one play of Shakespeare which cannot be rendered without a child, to have only such dramas involving children as can be carried through with midgets, with diminutive children, with children who are sixteen years old, but can by skilful dressing be made to appear younger?"

I am sorry to say that a large part, even of our philanthropic community, are not yet willing to sacrifice that form of recreation; are not ready to protect the talent or the genius of the babe—of the child—until its intelligence, and its health are established. I am convinced that everyone in this audience would rather live and die without the satisfaction afforded by the drama, than take upon his conscience the blighted life of one such unhappy little girl as Miss Jean Gordon has described to us. I am an old woman, a grandmother; I have lived happily without all these charming productions.

We can no longer be browbeaten by the threat that the drama will perish and art will leave our shores. The cotton industry tried that threat in England in 1802. The fruit and vegetable canneries have tried it in New York for eight years. The glass industry has tried it in Illinois, Ohio, Indiana and New Jersey.

The challenge has been accepted. Laws have been passed. Children have been freed. Industry has neither suffered nor gone. It has thriven and stayed. We know that art and the drama rest on surer foundations than the efforts of children below the age of fourteen years!

The people of every state get their conscience tested sooner or later by being confronted with this direct question: "You say you disapprove of child labor; is it in Japan that you disapprove of it, or in Massachusetts, or in California; is it everywhere else except where you live?"

"What are you willing to sacrifice for the sake of freeing the children, giving them their childhood in school and at play? Will you give up some of your gilt-edge securities? Will you have a

little of the gilt edge pared off those securities? Will you give up your willow plumes and your cheaper artificial flowers and your favorite recreations?"

Is it solely a matter of dividends? Not by any means! It is largely a matter of our thoughtless and selfish enjoyment of goods which we mistakenly believe we get more cheaply, of recreations which we think we cannot have on any other terms than those of employing children. It is by no means only a question of change in the payroll in certain corporations; it is a question of sacrifice by us all for the sake of the best legislation uniformly enacted and enforced throughout the country; it is a question which everyone of us has to answer if we really care about the children.

SEVEN YEARS OF CHILD LABOR REFORM

BY OWEN R. LOVEJOY,

General Secretary, National Child Labor Committee.

At the completion of seven years of work for the improvement of child labor conditions in America, it is fitting that the National Child Labor Committee should present a concrete statement of its record. This is important, not so much in justification of the policies and expenditures of the committee, in order that the public may judge whether we are worthy further support and co-operation, but especially that we may estimate the extent to which the American people have awakened in opposition to this national vice, in order more accurately to judge the possibilities that lie ahead.

When this Committee was formed seven years ago, there was no accepted national standard of protection against the abuses of child exploitation. The trade unions were committed to an eight-hour-day; some of the woman's clubs, to the general abolition of child labor; and the Socialist Party to the elimination of all children under sixteen from wage-earning industries. But the trade union was accused of selfishness; the woman's clubs were charged with feminine sentiment, and the Socialist Party was ignored as without power and influence. The general public, indeed, had not awakened to a realization that such an evil existed, and except for the Consumers' League and a respectable number of enlightened individuals, child labor in America may be said to have been without an enemy. We were chiefly interested in the subject as an academic theme, enabling the eloquent portrayal of the greed and cruelty of European civilizations.

Then rapidly, as public intelligence and interest are wont to grow, there swept over the face of the country the exciting news that child labor existed in America, that the coal mines, glass factories, cotton and silk mills, cigar and cigarette factories, and even our public streets were the scenes of hardship, danger and oppression to the tender bodies and souls of little boys and girls. At this point a group of the more calm and discerning of those who were

horrified by the evil decided to band themselves together for the purpose of conserving this public interest and seeking to direct it into definite channels of activity, in order that the sentiment against child labor should not spend its force in futile denunciation, but should realize improvement through definite results.

And it is to the credit of the South, a tribute which we gladly pay, that the initial suggestion of such a militant band on a national scale originated with a citizen of your own commonwealth. After a struggle with the mercenary elements of Alabama to wrest from their control the lives of hundreds of little children and to secure to them the opportunities which childhood may fairly claim, it seemed to Mr. Edgar Gardner Murphy, who led the fight, that an interchange of thought and experience among citizens of the various commonwealths would so unite and direct the work of reform as to hasten the day of child freedom.

From a membership of less than fifty people, the Committee has grown, in seven years, to a contributing membership of more than 5,000, who cover an annual budget of nearly \$60,000. Twenty-seven state and local committees are affiliated and the Committee is in definite co-operation with educators, medical experts, jurists, reform agencies, relief societies, woman's clubs, trade unions, manufacturers' organizations, churches, and all agencies working for the protection of child life.

While we do not look upon the enactment of child labor laws as more important than their enforcement, or than the constructive policies which seek to provide the child, excluded from prohibited industries, the physical, mental and moral opportunities needed to develop efficient citizenship, yet the changes secured in child labor laws within the past seven years will perhaps measure more accurately than anything else the extent to which the public is awake to the importance of safeguarding the child.

Standards of Protection

Before recording these specific results, however, we need to state briefly the standards aimed at—the principles upon which adequate laws for such protection seem to us to be based. The word "child" covers so wide a span in human life, we recognize that some children should not be employed at all, while others may wisely contribute to their own support and to social wealth. Obvi-

ously no child should be subjected to industrial burdens too heavy, either because of youth or because of physical or mental weakness; also, obviously, in seeking legislation to protect such children, some arbitrary line must be drawn. Without entering into detail, we may note that the recognized standard of all civilized nations excludes the child under fourteen years from the field of competitive industry. This we have adopted as a minimum standard, below which no community, alert to its larger interest, can afford to fall. We recognize that such an age test is arbitrary; that some children are more advanced than others, and we welcome all results of physiological investigations which may fix more accurate and scientific standards. But for the present we are safe, since this point in age is intended to apply to the most advanced, while those who fall below, either as to physical or mental growth, are to be still further safeguarded, until sufficiently developed to venture upon the minimum industrial hazard.

The other classes of children for whose employment regulation rather than prohibition is sought are those between fourteen and twenty-one years of age. The state is the natural guardian and protector of all minor children, and it is our contention that the labor of all minors should be regulated in harmony with principles that conserve individual and social interests.

To illustrate: our Federal Government is on record in favor of a maximum eight-hour day for men in government contracts and many other lines of Federal activity. Similarly, many states have established the eight-hour day, both in relation to state contracts and the treatment of convicts in penitentiaries and reformatories. Recent utterances from high medical authority testify to the danger, especially to women, from the toxin of fatigue. Obviously a day long enough for adult men and women is not too short for undeveloped children. We therefore seek to establish as rapidly as possible a maximum of eight hours in the daily labor of children in manufacturing and mercantile pursuits.

It is also the prevailing testimony of medical authorities that hard work is more injurious by night than by day. Practically every physician will unhesitatingly affirm that during youth and adolescence the human life should be protected through regular hours of rest, recreation and feeding, and we therefore contend that children under sixteen years of age should be prohibited from such occupations as demand their service at night.

Industrial Hazards

Statisticians everywhere recognize a certain hazard in industry, and a body of legislation is being created in this country for the purpose of laying upon society and upon the industries involved, a larger share of the burden which now falls so heavily upon those injured in mines, factories, workshops and transportation operations. The principle of social responsibility, already fairly recognized, is especially applicable to children. Not only are children less intelligent, less cautious and less able to defend their own rights, but their physical inferiority subjects them to dangers which do not threaten the adult. Reports from the few states which have taken the matter of child exposure in industry seriously enough to report upon it, indicate that children sixteen years of age and under are injured or killed at a ratio startlingly higher than are adults in the same industries. The percentages run from 250 in one state, to 450 in another. We acknowledge that statistical reports are meager, and that many sections of the country are entirely devoid of this information. However, we have considered it important that a committee formed to protect the interests of working children should not wait until a complete body of statistics had been gathered, but should at once attempt to correct an abuse which obviously threatens the safety of the young. Therefore, leaving to statistical experts and medical scientists the more satisfying work of determining the exact extent of accidents to working children, we have set ourselves to the humbler task of arousing public interest and securing legislation against this sacrifice, on the assumption that children are unsafe industrial risks, and that child labor in certain specific dangerous occupations may without injury to society be suspended to the age of sixteen, eighteen or even twenty-one.

We shall not enter into the more distinctly technical phases of the problem of child labor legislation, but it should not be overlooked that laws which seek to establish protection for children must provide methods and machinery for administration so as to dignify the legislation by serious attention to its operation. Factory inspection departments, birth registration, a system of certification which shall prove beyond question the age and development of the child in question, are all matters claiming serious attention.

Summary of Legislation

Measured by the foregoing, the outline of achievements of the American people in developing legislation to protect the working child may be seen at a glance by the following schedules:

1. During seven years five states passed their first law upon this subject: Delaware, Florida, Georgia, Mississippi, Oklahoma, and the District of Columbia.

2. The eight-hour day has been established in Ohio, Illinois, Indiana, Nebraska, New York, Wisconsin, Colorado, Oklahoma, North Dakota, Kansas, and the District of Columbia.

3. Night work under sixteen years has been made illegal in Alabama, California, Delaware, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Nebraska, New Jersey, North Dakota, Oklahoma, Rhode Island, South Carolina, Vermont, Washington, and the District of Columbia.

4. A fourteen-year-age limit as the minimum for employment in industry has been established in the following states: California, Colorado, Delaware, Idaho, Iowa, Kentucky, Louisiana, Maine, Missouri, Nebraska, Pennsylvania, North Dakota, New Jersey, Tennessee, West Virginia, Rhode Island, Kansas, and the District of Columbia.

5. Departments of factory inspection have been established in Alabama, Colorado, Delaware, Kansas, Louisiana, Maryland, North Dakota, Oklahoma, South Carolina, Texas, Tennessee, Virginia, and the District of Columbia.

6. Methods of proving the age of children seeking employment have been provided in the following: California, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Missouri, Nebraska, North Dakota, Oklahoma, Oregon, Pennsylvania, Rhode Island, Washington, Wisconsin, and the District of Columbia.

Meantime, compulsory education laws have been enacted or improved in a large number of states.

Serious Defects

It might appear from this record that so much has been accomplished the public could reasonably rest. We are apt to forget how large a country we have. There are still seven of our states which have not yet reached the fourteen-year-age limit, even for employ-

ment in factories. These states are: North Carolina, Maryland, Alabama, Florida, Georgia, Mississippi, South Carolina.

Alabama, Florida, Maryland, North Carolina, North Dakota, Pennsylvania, South Carolina, Virginia permit the employment of boys of twelve years in mines.

Children under sixteen are still permitted to work at night in Arizona, Colorado, Connecticut, Delaware, Maine, Maryland, Montana, Nevada, New Hampshire, South Dakota, Tennessee, Utah, West Virginia and Wyoming.

There are thirty-five states in the Union in which children under sixteen years of age may work more than eight hours a day. Recently there has been widespread complaint against confinement of children in poorly ventilated school rooms, where they spend the day in physical inactivity. Rapid improvement is coming in our schools through open air class rooms and the development of manual arts, so that the evil complained of is decreasing; but if confinement in a school room is injurious, what shall be said of the factory, where frequently the labor of the child also compels physical inaction at the almost automatic machine? Under the most objectionable conditions, the child is confined in school 1,000 hours annually. In Massachusetts the factory child is confined 2,912 hours a year, and in New York, where the eight-hour day prevails, he is subjected to 2,496 hours' confinement. In Alabama a child of twelve years may legally work 3,120 hours a year, or more than three times as many hours as he can be confined in school in states having the nine or ten months' school year; while children of fourteen years may be employed seventy-eight hours a week or 4,056 hours a year. The total number of hours of daylight in the year, exclusive of Sundays, is 3,744, so that the manufacturing industries of this state may legally employ their fourteen-year-old children 312 hours of the night beside all the hours of daylight.

In twenty-three of our states there is up to the present time no method of determining how old the children are who seek work in our industries. Our agents have frequently found eight, nine and ten-year-old boys applying for work in glass factories or coal mines, upon affidavits certifying them to be fourteen or sixteen years of age. In all these efforts at reform we must keep in mind the honor and dignity of our social institutions, and nothing is more fatal to the integrity of the American people than contempt for its

own laws. When, by the very nature of the problem we lay upon the ignorant, impoverished or greedy parent the temptation to deceive in order to secure employment for a child, we are guilty of placing the burden on the weak, where it does not belong, and promoting perjury by process of law.

The states in which we do not require any proof of the child's age, or at least any proof worthy the name, are Colorado, Florida, Louisiana, Nevada, South Dakota, Texas, Utah, Vermont, Virginia, Wyoming, Alabama, Arkansas, Delaware, Georgia, Idaho, Indiana, Missouri, Mississippi, New Hampshire, North Carolina, South Carolina, and Tennessee.

It is necessary that the laws to which we have referred shall be in charge of public officials, clothed with adequate authority to enforce them. At present, Arkansas, Florida, Georgia, Nevada, North Carolina, Utah and Wyoming have no department entrusted with this duty, while the factory inspector in Missouri has jurisdiction only in the large cities; the factory inspector in Louisiana only in the Parish of New Orleans; the factory inspector in Alabama is also required to visit and report on jails and almshouses; and the Governor of South Carolina has within two weeks vetoed the appropriation made by the legislature for the two factory inspectors who, during the past two years, have assisted the Commissioner of Labor in laying the foundation of this branch of public service.

It will be recognized from the foregoing tables that the problem of bringing the states of this Union up to a reasonable standard of child protection is complicated and difficult. It will be seen also that the lower standards as to age, hours of labor, and methods of enforcing the law are, with few exceptions, much inferior in the South to the standards attained in Northern and Western States. And while we of the North, with shame, confess that the extent of child labor in our great industrial communities overshadows child labor of the South, the phenomenal industrial development in many of your Southern sections indicates that the time is near at hand when the South will rival the older industrial communities in the extent of manufacturing and commercial operations, and that unless the South speedily improves the laws now upon her statute books, the curse of child labor will rest more heavily upon her communities than upon others.

We believe the record of the past seven years gives promise

that the American people are ready to rally to the establishment of laws which, throughout the nation, shall guarantee to every child an adequate opportunity to play and grow and learn, and that we shall soon permit ourselves to be brought among those nations truly civilized that recognize in their child-life the most valuable asset among all their treasures. To the realization of this high standard the National Child Labor Committee is committed, and confidently solicits the co-operation of all who believe in lifting from the bent shoulders of the little child the burdens that now crush him.

THE COTTON MILL: THE HEROD AMONG INDUSTRIES

BY A. J. MCKELWAY,

Secretary, Southern States, National Child Labor Committee.

Good old Nathaniel Morton, in his New England Memorial, assigned as one of the reasons why the Pilgrim Fathers left the Old World for the New, this:

"That many of their children, through the extreme necessity that was upon them, although of the best dispositions and graciously inclined, and willing to bear part of their parents' burdens, were oftentimes so oppressed with their heavy labors, that although their spirits were free and willing, yet their bodies bowed under the weight of the same and became decrepit in their early youth, and the vigor of nature was consumed in the very bud."

When we begin to study the child labor system in England, which the Pilgrim Fathers found so oppressive to their children that its existence was one reason for coming to the New World, we find that the cotton mill occupied a bad eminence. All through the eighteenth century we find references to the employment of children of tenderest years in cotton mills. These references are mostly of a congratulatory nature that a place for the child has been found in the world of industry, and that the child is no longer an encumbrance but an asset. The attitude of the English people during this century may be summed up in the following quotation: "A quarter of the mass of mankind are children, males and females, under seven years old, from whom little labor is to be expected."

It is interesting to note that though the Pilgrim Fathers say they came to America partly to escape the oppression of their children, child labor preceded them, for in 1619, the year before the Fathers planted their considerable feet on Plymouth Rock, there is an acknowledgment of the General Court of Virginia of the one hundred children sent over, "save such as dyed in the waie." A letter from England in 1627 mentions incidentally the fact that "there are many ships going to Virginia, and with them fourteen or fifteen hundred children." These children were mostly paupers,

but were often kidnapped and bound out to service. In 1646 two houses were erected in Jamestown for the manufacture of linen, and the different counties were "requested to send two poor boys or girls, at least seven or eight years old, to be instructed in the art of carding, knitting and spinning." The textile industry did not flourish in Virginia, however, on account of its greater agricultural opportunities, and returning again to the Pilgrim Fathers, one finds in Johnson's sermon on "Wonder Working Providence," published in 1638, that he commended the industrious people of Rowley, Massachusetts, who had "built a fulling mill and caused their little ones to be very diligent in spinning cotton and wool."

It would seem that we must bring another indictment against the Pilgrim Fathers in addition to the familiar one, that having come to this country to escape religious persecutions, they so soon became persecutors themselves. For after they came to America to escape the evils of child slavery, they speedily inaugurated the system on American soil. In 1656, considering the development of manufactures in Massachusetts, the order was issued that "all hands not necessarily employed on other occasions, as women, boys, and girls, are hereby enjoined to spin according to their skill and ability."

Tench Cox argues that women and children will meet the demand for factory labor with the newly invented power machinery. In Nile's Register the statement is made that the work of manufacturing does not demand able-bodied men, but "is now better done by little girls from six to twelve years old." Governor Davis, of Massachusetts, in his message of 1835, echoes the sentiment of Lord Shaftesbury in England, that child labor had "spread from the cotton mills into other industries" by saying that, "not only the machines in the textile manufacture, but thousands of others are equally worked by females and children."

Earlier than this, in 1829, Frances Wright, an English woman, in an address to an American audience, says: "In very many districts you have children worked for twelve hours a day, and you will soon have them, as in England, worked to death." Thus, we see that child labor had grown in New England through the eighteenth century as it had grown in Old England, and in the nineteenth century, a half century after the first factory act in Old England, there began to be protests against the evil in New England.

In 1831 in a report on cotton, made at a convention of the

Friends of Industry, the total number of children employed in cotton factories is given as 4,691; of this number 3,472 were from Rhode Island, 484 from New York, 439 from Connecticut, 217 from New Jersey, 60 from New Hampshire, 19 from Vermont, and none from Massachusetts. It may be remarked, however, that the "friends of industry" have always taken a roseate view of the child labor system. As was stated to them not long ago by a Georgia legislator, they believe "in the protection of infant industries and the exploitation of infant industry."

Ineffective Laws

In 1842, an act was passed in Massachusetts making a ten-hour day for children under twelve, but only those employers were convicted who "knowingly" violated it, a safeguard which was repeated in the Alabama law of 1907, the repeal of which proviso we find Governor O'Neal urging in his message to the Alabama legislature in 1911.

In Massachusetts Senate Document No. 69, we find that the Rhode Island law, requiring a low minimum of schooling before employment, was also a dead letter: "There has never been a complaint, although it has been violated constantly, the employment of minors now depending on the necessity and cupidity of the parents and the interests of the manufacturers. The manufacturing interests are now a controlling power in the state, and it would be extremely difficult to enforce a law against their wishes." So, in the report of a committee of the Massachusetts legislature in 1866, witnesses from New Bedford and Fall River testified that children of seven were employed. From Lawrence it was reported that a great many children from twelve to fifteen were working at night, "the majority of those who do night work are under eighteen years of age."

In a report of the Bureau of Labor as late as 1870, an "overlooker," of seven years' experience, says: "Six years ago I ran night work from 6.45 p. m. to 6 a. m., with 45 minutes for meals, eating in the room. Children were drowsy and sleepy, having known them to fall asleep standing up at their work. I have had to sprinkle water to awaken them after having spoken to them until hoarse. This was done gently, with no intention of hurting them." In the same report is the following quotation: "A witness described

to us an instrument for whipping children at a factory in Rhode Island, consisting of a leather strap eighteen inches long, with tacks driven through the striking end." The cruelty to children of overseers in Southern cotton mills has been mentioned by some writers, especially the throwing of water into the faces of children who went to sleep at night. Probably this particular practice has ceased, though, perhaps, occasional instances will not be so vehemently denied now that we have the precedent established in New England history. Strong coffee at the midnight hour is considered a more humane alternative for the purpose of keeping children awake.

Rapid Increase

So much for the history of child labor in New England before 1870. The census of that year was the first to take notice of the extent of child labor in the United States, and its figures aroused new interest on the subject. Since that time the social sin of the system has been more clearly recognized by the social conscience, yet child labor increased in the decade between 1890 and 1900.

The census of 1900 reported 1,750,178 child breadwinners, ten to fifteen years of age, of whom 1,054,446 were engaged in agricultural occupations, which are usually considered advantageous to the child unless there is interference with his education. However, even in this occupation there were 237,252 children employed who were not reported as "belonging to farmers' families," and recent investigations have proved that hordes of these children are employed in picking berries and vegetables, in the cranberry bogs, and in the canning of fruit and vegetables. So there were 934,985 children between the ages of ten and sixteen employed in various industries, besides those who were members of farmers' families. The census enumerators were not required to report child breadwinners under ten, nevertheless, there was a large number reported by some enumerators who, to this extent, disregarded their instructions, 997 being reported from three cotton mill districts in the South. It may also be readily granted that the census enumeration, while the best we have, falls short of the truth from the fact that where deception had been practiced by parents concerning the ages of children whom they had sent into employment, there would be an inclination to make the same representations to the census enumerators. One may find from Census Bulletin 69, entitled "Child Labor in the

United States," that the cotton mill is still the chief sinner against the child. To quote from the bulletin, "To a greater extent than any other manufacturing or mechanical industry the cotton mill furnishes employment to children. . . . The proportion which children ten to fifteen years of age formed of the total number of cotton mill operatives in 1900 is almost three times as great in the Southern States as it is in the Northern and Western. In the North about one cotton mill operative out of every ten was ten to fifteen years of age, while in the South the corresponding figures were about three out of every ten. Massachusetts, which reported the largest number of cotton mill operatives, had the smallest per cent for operatives ten to fifteen years of age. In North Carolina children of ten to fifteen years were the most numerous, and formed the largest per cent of the total. As a rule, the proportion of children was greater for females than for males in both sections of the country, though the difference was more marked in the South than in the North."

Growth of Industry

The growth of the cotton mill industry in the South has been one of amazing development. In 1880 the number of cotton spindles in the South was 667,754; in 1910, 10,650,000, an increase of 1,495 per cent in thirty years, as against an increase of 161 per cent in the country at large. There has been made recently under the direction of the Federal Bureau of Labor, an investigation concerning the conditions of child and woman workers in several industries, the report completed containing nineteen volumes, the first only of which has been printed, entitled, "The Cotton Textile Industry." This volume, of 1,044 pages, contains the severest indictment ever brought against any industry in this country concerning the employment of children. The report shows that 20 per cent of the employees in Southern cotton mills are under the age of sixteen in spite of the laws passed in all the Southern States since 1900. But the report itself shows it has been ultra-conservative in its estimate of the number of children employed. It says, "Agents' estimates of ages have been disregarded in every case, and only age data supported by positive evidence has been used." It gives the following illustrations to show that its reports "come far short of the truth." In one mill in South Carolina the agent reported: "There is abso-

lutely no question that seventeen of these children are under twelve years of age." Yet only eight were positively so reported, as the ages of only this number could be positively established.

"Concerning another mill in South Carolina the agent reported: 'The mill employs many children, and the smallest I have seen working in any mill. I asked five exceptionally small ones how old each was, and each answered, "I don't know." These children, the superintendent says, work from 6 P. M. to 6 A. M. . . . I know beyond a reasonable doubt that there are ten or twelve children under twelve working in the mill, seven or eight of them at night.

"One of these children is an emaciated little elf, fifty inches high and weighing perhaps forty-eight pounds, who works from 6 at night till 6 in the morning, and who is so tiny that she has to climb up on the spinning frame to reach the top row of spindles.'

"All children at this mill were reported by mill officials to be over twelve years of age, and the statement was disproved in only two cases.

"In another mill in North Carolina the agent counted nine or ten children obviously under twelve years of age, but none were positively so reported.

"These few examples illustrate the difficulties of the investigation and show that the reports on some mills at least come far short of the truth as to the extent of the illegal employment of children."

In some mills, perhaps owing to the greater diligence or sagacity of particular investigators, the percentage of children employed was much higher than the average. In one yarn mill in South Carolina employing 168 persons, 70 were children under sixteen. In a cloth mill in that state, 39.6 per cent of the employees were children. In Mississippi, which then had no child labor law, 42.8 per cent of the employees in a small yarn mill were children. In 143 establishments visited, 9,126 children were found employed, 753 of whom were under the legal age of twelve years, of whom 161 were employed as helpers, their names being omitted from the payroll. It will be evident to the most superficial observer that the injuries to a child under twelve years resulting from working a twelve-hour day or a twelve-hour night are greatly lessened if his name is not carried on the payroll! That this statement as to the violations of the law is far within the truth, is brought out in the following extract from the report: .

"Not only do the above tables fail to show the full extent of the helper system, but they also fail to show the full number of children under twelve years of age whose names appeared upon the payrolls of the establishments canvassed. The obstacle in the way of obtaining correct ages frequently

proved insurmountable, and, although the investigation was carried into the mill, into the office, and into the homes of the employees, the results obtained were frequently known to be far from accurate. It should be remembered that only those children who were either admitted or positively proved to be under the legal age are included in the above tables."

Illiteracy of Mill Children

A good deal has been written in recent years about the superior educational advantages which the mill children enjoy, as compared with those in the country. The census of 1900 showed that the percentage of illiteracy among mill children in Georgia and the Carolinas was from three to four times as great as that of the white children of the same ages in these states at large. The partial investigation made by the Bureau of Labor, discloses an even more lamentable state of things, proving that the demand for the labor of children is the greatest obstacle to their education.

The following conclusions are reached in the Bureau of Labor report:

"It will be seen by the foregoing table that the highest percentages of illiteracy among the children of cotton mill families were found in Alabama and Virginia. In Alabama, out of 145 children under fourteen reporting, 95 or 65.5 per cent, were unable to read and write. Of these, 42 had never attended school and 53 reported an average attendance of 6.5 months. In Virginia, out of 54 children, 38, or 70.4 per cent, were unable to read and write. Of these 10 had never attended school and 28 reported an average attendance of 10.7 months. The number of Virginia children included in this table is small and there might be hesitation in accepting the percentage as representative for this reason, but the figures of this table seem to be fully borne out by the statements of official reports.

"The lowest per cent of illiterate children under 14 years of age at work in the southern mill families visited was found in Georgia, where, out of 206 reporting, 88, or 42.7 per cent, were stated to be unable to read and write. Of this number, 28 had never attended school and 59 reported an average attendance of 8.9 months. The percentage of illiterates among the children under 14 at work in the Mississippi mill families reported was but slightly higher than in Georgia, namely, 44 per cent.

"That the standard of those reporting themselves able to read and write is low in many cases, will be clearly apparent from an examination of the figures in regard to the average months of school attendance. Thus, in Mississippi, 65 children under 14 reported themselves as able to read and write, but their school attendance averaged only 13.5 months. In North Carolina the average school attendance for 151 such children was only 17.3 and in Alabama for fifty children only 17.5 months. In explanation of these figures, it should be said that in these states, in many school districts, the

public schools are open only four months in the year, and for a child living in such a district 17 months of school attendance would mean attendance for more than four years."

Night Labor

The extent of the employment of children at night is indicated by the following paragraph of the report:

"There were 223 cotton mills in North Carolina in 1908, of which 59 were covered during this investigation. Of these 59, 31 operated at night, not counting two that had within a year discontinued night shifts. In three of these 31 mills neither children under 16 nor women worked at night. In 28 mills, however, women were employed at night; in 27, children under 16 years of age were employed at night, and in 12 of these mills children younger than 12 were employed at night. The investigation was carried on in North Carolina late in 1907. The employment of children at night was not then illegal in that state, but in 1907 a law was enacted which prohibited after that year the employment in factories of children under 14 years old between 8 P. M. and 5 A. M.

"Out of 150 mills reported in 1908 in South Carolina, 36 mills were covered during this investigation. Of these, 5 with night shifts were found, but in one neither children under 16 nor women worked at night. In four mills children under 16 worked at night, in three women worked at night, and in two many children under 12, and some as young as 8, worked at night, which was in violation of the law of that state, which prohibits the employment of children under 12 years old between 8 P. M. and 6 A. M. in factories or mines

"Taking the 28 North Carolina mills which employed women or children at night, all together, the children working by day in all these mills were 25.32 per cent of all the day employees there, and the 437 children working by night in all these mills were 26.29 per cent of all the night workers. But when these mills are considered separately, or by the departments in them which alone are operated by night, the percentage of children working at night of the total night employees differed widely in some cases. Thus, in 17 of the 28 North Carolina mills the percentage of night workers who were children was higher than the percentage of day workers who were children, while in 10 mills the percentage of day workers who were children was higher than the percentage of night workers who were children, and in one mill there were no children working by night. In 3 of the 4 South Carolina mills which employed women or children by night, the percentage of night workers who were children was higher than the percentage of day workers who were children, and taking the four mills all together, all the children employed by night were 32.15 per cent of all night workers and those employed by day were 22.70 per cent of all day workers. . . .

"The extent of the employment of children at night is indicated by one of several examples:

"Mill No. 1, North Carolina: The night workers say they prefer night work to day work, yet there can be no question that it is far more injurious, for they seldom attempt to get as much sleep as they would get at night. The boys often spend the whole morning in hunting; then, after three or four hours' sleep in the afternoon, they go back to work in the mill for eleven and a half hours at night. The girls sit around the house, not going to bed until ten or eleven o'clock in the morning, and get up about four in the afternoon. In the small crowded houses sound sleep is impossible during the day. The mill demands an extra half day's work on Saturday from its night workers. They quit at six o'clock in the morning and return again at noon. Taking out the time for breakfast and dinner, this allows at the most four hours of sleep out of twenty-four. This means, for women and children especially, working beyond their strength. They have all reached the point of extreme fatigue by the end of the night. Invariably the answer is given by the night workers that it is the Saturday's work that wears them out. Wages for night work are from ten to sixty per cent higher than for day work in this mill, so many choose it for this reason. The work usually runs better at night, they say, too, so they have more time to rest than the day workers have during the actual working hours."

Violations of Law

There were violations of the law, also, in the New England States, chiefly in Maine and Rhode Island. The age limit of employment, however, was two years higher in these New England States than in the Southern States investigated. Out of 1,394 children under sixteen years of age, 458 were found to be illegally employed. In Massachusetts, which made the best record, nineteen children were found illegally employed out of 511 under sixteen years of age. The illegality here consisted in the absence of employment certificates, for only one of these children in Massachusetts was found to be under the legal age of fourteen.

In Maine, 188 children out of 344 under sixteen years of age were illegally employed, and in Rhode Island, 238, out of 450. But, remembering that the age limit in the New England States is fourteen, compare these results with those ascertained in North Carolina, South Carolina, and Georgia by the Bureau of Labor:

"The most extensive violation of the age limit law was found in South Carolina. In addition to 42 children under 12 years of age who were orphans, children of widows, etc., and who were therefore legally employed, 405 other children under 12 were found working in the establishments investigated in that state. As shown by the table such children constituted 12.3 per cent of the total children employed in the 36 establishments investigated and 2.8 per cent of the total number of employees. Children

under the age of 12 years were employed in 34 of the 36 establishments investigated in the state, and 33, or 91.7 per cent, of these 36 establishments employed such children illegally. In 7 of these 33 establishments less than 1 per cent of the employees were children under the legal age and not legally excepted from the provisions of the law. In 20 establishments between 1 and 5 per cent were thus illegally employed. In 3 establishments between 5 and 10 per cent and in 3 others over 10 per cent of all employees were children under 12 years of age who were not legally excepted from the provisions of the law.

"In North Carolina the law was only slightly less flagrantly violated. Of the 59 establishments canvassed, 44, or 74.6 per cent, were found to be employed under the legal age. * * * * * In one establishment in North Carolina (No. 44) 12.05 per cent of all employees, a higher percentage than in any other cotton mill investigated in the South outside of Mississippi, which had no child labor law, were under 12 years of age. In the 44 establishments illegally employing children a total of 1,751 children were employed, 202 of whom, or 11.5 per cent, were under the legal age. * *

"In Georgia 20 of the 31 establishments investigated, or 64.5 per cent, employed children under the legal age. Two other establishments employed children under 12, but all were employed under legal exceptions. A total of 107 children under 12 years of age were found at work, and of these, 41 were under legal exceptions; the remaining 66 were illegally employed. The 66 constituted 5.8 per cent of the children and 1.05 per cent of all employees in the 20 mills illegally employing children. Of all the children employed in the mills investigated in the state these 66 children constituted 3.6 per cent and of all employees in these mills 0.58 per cent. This is a much lower percentage of illegally employed children than in any other southern state except Virginia."

Mill Officials Hide the Children

One really encouraging feature of the report, considering the low standards of child protection and the unconsciousness of the evil of child labor which prevails in most of the Southern cotton mills, is the statement made by this report that some of the manufacturers shrank from the publicity involved, by attempting to hide the children from the eyes of the investigators:

"In at least 10 mills, 3 in North Carolina, 6 in South Carolina, and 1 in Georgia, deliberate and determined efforts were made by mill officials to cover up the actual conditions in regard to child labor. Children were discharged temporarily, sent home for a few hours or a few days, or hidden in entries, in water closets, or in waste boxes; anywhere so that they would not be discovered by the agent when going through the mill. Of these facts proof was obtained in every case. In 9 of these 10 mills statements of persons acquainted with the facts were taken in the presence of two

agents of the bureau. In each of these cases the report of these statements was signed by both agents, and in 6 cases both of them made affidavits that the conversation was correctly reported. In some of the first mills in which fraud of this character was discovered, the agents reporting the attempts at deception were not required to make special affidavit as to the truth of their reports."

Opposing Reform

But if this is deemed not sufficient evidence to prove the indictment that the cotton mill is the chief sinner against the child, the cotton manufacturers have done all in their power to render its position conspicuous in this regard. The long struggle for better child labor conditions in New England was a struggle against the manufacturers. During the last decade they have been the foremost opponents of standard child labor legislation. In Rhode Island our National Child Labor Committee and the State Committee forced the raising of the age limit from twelve to fourteen against the solid phalanx of cotton mill men. Every effort to make a shorter working day for children in Maine, New Hampshire, Connecticut, Rhode Island and Massachusetts has been met by protests of cotton manufacturers. The recent Governor of Massachusetts, belonging to a celebrated cotton manufacturing and cotton machinery family, threatened to veto any bill reducing the hours of labor for children in Massachusetts. It is because of the prominence of the cotton mill industry that Massachusetts has lost its leadership in the matter of child labor reform to such states as New York, Ohio, and Illinois, that have an eight-hour day for children under sixteen years of age. It is the cotton mill influence in Philadelphia that holds Pennsylvania to the sixty-hour week for children, and in the South it seems to make no difference in this attitude of hostility to child labor reform whether there be few or many cotton mills in the state. The cotton mill men of Maryland have held that state to the lowest age limit of any state north of the Potomac, namely, twelve years. It was the cotton mill men of Virginia who resisted the raising of the age limit there to fourteen, and at the last session of the legislature attempted to repeal the Virginia law prescribing a ten-hour day for women and children. There has not been a meeting of the legislature in ten years in North Carolina, South Carolina, Alabama, Georgia or Tennessee in which the cotton mill men have not appeared as a powerful lobby in the legislature, resisting every advance

in child labor legislation, though frequently, when a compromise has been accepted, they have immediately posed as the successful advocates of child labor reform. It was the cotton mill men in Mississippi, though that state has only a score of mills, who fought the enactment of its first child labor law. It was the cotton mill men of New Orleans who resisted most bitterly the enactment of the excellent Louisiana law. It is the cotton mill men of Texas and Arkansas who have opposed the enactment of a standard child labor law in those states, though the industry is comparatively insignificant. And when I went to the Oklahoma legislature to write its child labor law, the only opponent to child labor legislation was the proprietor of the single cotton mill which Oklahoma possessed. These facts are all matters of record, and while some of the able and astute manufacturers between sessions of the legislature are fond of congratulating themselves upon their advanced position in the matter of child labor reform, and even pass beautiful resolutions at their annual conventions, they are reformers until the legislature meets and there is a prospect for a little better protection for the working children.

Let Them Come With Clean Hands

Perhaps the manufacturers of cotton goods, North and South, before they will dare come again before the representatives of the American people asking for practically prohibitive tariff schedules on their infant industry, will have to come with clean hands to justify their claim to so great a benefit; will, in New England, agree to an eight-hour day for children under sixteen, such as is already prescribed by law in such great manufacturing states as New York, Ohio, and Illinois; and with the proper standard of legislation, will see to it that the laws are better enforced. The cotton manufacturers of the Southern States, whose lobbyists ever crowd the doors of every Southern legislature where restriction of the child labor evil, so far as it concerns the cotton mills, is being debated, will have to cease their opposition and agree to the fourteen-year age limit, the short working day for children, the abolition of night work and the enforcement of the law, else the representatives of the American people may withhold protection from those who deny it to the children.

So far as the establishment of a standard child labor law, uni-

form in its requirements, is concerned, it is not too much to say that except for the position of the cotton mill interests this would be a matter of speedy accomplishment. If in New England, Pennsylvania and the Southern cotton manufacturing states, the principles of this standard child labor law could be agreed to, it would be a matter of little trouble and short time to secure similar legislation everywhere else. So we can properly hold accountable the cotton mill industry not only for its direct oppression of childhood, but for holding back the nation itself in the proper protection of the working children. And it seems to me that if there were a spark of the old Southern patriotism left in the hearts of these men, if they could feel any shame at the peculiar position in which they have put the South and hold the South in the matter of child labor, they would at once see that this reproach is removed. The individual loss would be small in any instance, even if the contention cannot be proved that the employment of children itself is a costly error to the business concerned. But when the manufacturers combine in their various industrial associations, and stand together against any legislative protection for the children, they not only keep enslaved the children of the cotton mill industry, numbered by tens of thousands, but children of other industries, which would make no trouble over the enactment of a restrictive law. And through the backward position of the cotton mill states, these manufacturers are really in a wholesale conspiracy against the toiling children of the nation.

I have called the title of this paper, "The Herod Among Industries." If the employment of immature children tends to their bodily, mental, and spiritual degeneracy, an industry so founded upon the basis of child labor, as is this one, can be indicted for child murder, for the Slaughter of the Innocents. The Herods have not been popular among the rulers of history. And if this great industry, engaged in the beneficent business of giving cheap clothing to the world is nevertheless guilty under the indictment, so far as its existence on American soil is concerned, it may well look forward to one of two alternatives, the reform of its child labor conditions or its destruction through economic law or legislative enactment. Already there are cries of distress being heard, pitiful pleas are being made against legislative restriction of child labor on the ground that the industry in the South is in a perilous state.

Japan, building 108 new cotton mills in one year, has already taken possession of the Eastern market. It may very well turn out to be true that with the ever increasing foreign competition which the cotton mill industry in America will have to face, it will become an industry with too low a wage scale to flourish on American soil. And if refusing to be reformed, holding on, to the last gasp, to its child labor system with its long hours and low wages and the defenseless condition of its workers, it is destroyed at last, on its crumbling smokestacks which now proudly flaunt their banners of industry against the sky, men will write the obituary of the ancient Herods:

"They are dead that sought the young child's life."

THE PUBLIC SCHOOL AND THE DAY'S WORK

BY HERMAN SCHNEIDER,
Dean, University of Cincinnati.

At the University of Cincinnati, the engineering courses are planned on what is known as the co-operative system. In this system theory and practice are taught simultaneously, the theory being obtained at the university and the practice in the commercial factories of the city. The students are divided into two sections, which alternate with each other weekly, between school and shop. My duties, in connection with these courses, therefore, require me to spend as much time in the commercial shops as in the university.

Several years ago, incidents growing out of this shop work, led me to make a little investigation to find what had been the training of the men who built up and who now direct the industries with which we co-operate. The results were so contrary to what I had expected that I thought, perhaps, they were peculiar to my own city. So I investigated further, but found only confirmation. Briefly, the results might be summarized as follows: If to build up and operate a business constitutes success, then the way to become successful is to begin work when you are between twelve and fourteen years old.

Not long ago I was one of three college professors invited to address an organization, whose object was the welfare of children. Prior to our appearance on the platform to denounce child labor, we had an exchange of experiences, which developed the fact that all three of us were at work when we were twelve years old, so that each was speaker and horrible example in one. This led to a further investigation among professional men, and here, too, I found that the more robust had done organized manual work before they were fourteen years old. In general, it was evident also that, except in the professions, the college men and high school graduates did not hold the major positions, nor did they seem immediately in line for them.

The results, since they did not fit popular theories, required

analysis, and the analysis developed naturally into a study of this thing we call work.

The Fruits of Labor

Now, the reason we work is because we have to. There is an instinct for work, but basically it is the instinct for self-preservation and self-perpetuation. We must work to live. If all the world had a climate like that of the South Sea Islands, it is safe to say none of us would work. Had Nature provided initially for all of man's needs, it is probable that we should be without complex problems, without wars, without government, without most of what we call civilization, without work. The struggle for existence has brought us to our present stage of development. All that is best in the history of civilization has come from work, and all that is worst, from idleness and the consequent sins of idleness. Mentality is the result of motor activity, and in turn stimulates it. Thinking and working are reciprocal aids. Integrity, honesty, discipline, sound health, fair dealing, respect for each other's rights—these have come through the assumption of one's burden of work, and the opposites of these are the result of the desire to dodge the burden.

The determination to enjoy more completely the fruits of one's own work has been basilar in all the significant upward pushes of mankind. This is the warp upon which are woven the great human documents, such as Magna Charta and the Declaration of Independence.

Work Without Light, Physical or Mental

But there has been a change in the conditions of work. Scientific achievement and mechanical ingenuity have set up barriers to the realization of all its benefits.

In the first place, it is only within the past two generations that mankind has worked in masses within walls.

It does not seem reasonable to suppose that, after centuries of self-directed work largely in the open, humanity will at once adjust itself to continuous high pressure effort indoors. We have attempted a revolution in the face of the well-known fact that Nature works by evolutionary methods. In the second place, the industrial worker formerly knew a *whole* job rather than a part of it; he

performed a great variety of functions in the completion of his task instead of endlessly repeating the same operation. The clockmaker made a *whole* clock, and the necessity of working out every part's relation to every other part gave the worker a mental stimulus. Under our present highly organized industrial conditions, a worker feeds material into a machine, or he makes piece after piece of the same kind, cuts shape after shape, winds coil after coil, and why he does it he need not know and is not told. It is unquestionable that much of the present spirit of unrest is Nature's protest against work without light, physical and mental.

So in considering the early training of the men who built and who manage our industries, it is obvious that we must consider these changes in the conditions of work, and further that we must define sharply between the energizing work of former days and the enervating work so prevalent to-day.

Energizing vs. Enervating Work

Nature's fundamental law of work must be divided into two laws: namely, The Law of Energizing Work, which makes for progress, and The Law of Enervating Work, which makes for retrogression. These two types can be distinguished by the effects they have upon the worker's intelligence, and the corresponding reaction which the mental stimulus, or lack of mental stimulus, has upon his work. Nearly all the work still done in the open air, where there is a dependent sequence of operation, which involves planning on the part of the worker, is energizing work. Specific examples may be cited in farm work, railroad work and the building trades. Probably the finest example is that of the locomotive engineer. The lethargizing work has come principally through commercializing household duties, such as making clothes and doing laundry work, and sub-dividing work so that each worker does one thing over and over in the smallest number of cubic feet of space. We are putting the brains into machine and into management office, with the result that the worker himself is becoming purely automatic.

Herein lies the difference between energizing work, which developed through the work itself the leaders in industry and in commerce, and enervating work which threatens to destroy the mentality of the worker. It is this purely automatic, high-pressure work in closely crowded rooms, which is the most ominous feature of mod-

ern industrialism, its most serious aspect being the effect upon mental development. Scientific research has shown us that the monotonous rhythmic repetitions of the machine's motion and the monotonous rhythmic motion of feeding the machine, produce an hypnotic, deadening influence on the mind. The lower brain centers, controlling habits, are developed at the expense of the higher centers, the active thinking centers. As the habit becomes ingrained, the worker becomes lethargic and automatic, and almost as incapable of independent, intelligent action as the machine itself. Research further shows that the higher centers in the brain of such a worker are in danger of getting into a permanent, inelastic, hopeless set, if a lively stimulus is not supplied.

Further, there is in every individual a desire for self-expression, and if this cannot be had in one's work, nature will force another outlet for it. It cannot be dammed up even for a short period of time; and since there is no outlet in the worker's daily task, it must come during his idle hours, and sometimes takes a form which leads to many of our most vexing sociological problems.

The situation, then, sifts down to this: Energizing work is decreasing; Enervating work is increasing. In spite of the warnings of history we are rapidly dividing mankind into a staff of mental workers and an army of purely physical workers. The physical workers are becoming more and more automatic with the sure result that their minds are becoming more and more lethargic. The work itself is not character building; on the contrary, it is repressive, and when self-expression comes, it is hardly energizing mentally. The real menace lies in the fact that in a self-governing industrial community the minds of the majority are in danger of becoming atrophied, or at best of becoming trifling or superficial because of lack of continuous normal exercise in conjunction with the earning of a livelihood. The kind of citizenship a republic needs cannot be built on sixty hours per week of automatic work. We cannot reverse our present economic order of things. Automatic work is increasing and will continue to increase for a long time to come. The condition is here and philosophical discussion will not remove it.

To put a child of twelve or fourteen years of age at energizing work, properly safeguarded, is not a cause for worry. Various means have been devised to continue his education and the work

itself will give him the necessary stimulus. But there is not nearly enough of this type of work to go around. The majority of children must go into automatic occupations; hence, to keep them away from work until they are fourteen or sixteen years old does not solve the problem, if at that time they go into mentally enervating work, as most of them do. The problem of child-protection becomes one of protecting his mind; and as far as we can ascertain, this can be accomplished only by supplying such mental counteractants as will overcome the lethargizing tendency of the work. We must take stimulating instruction to the young worker *after* he has found his work—in other words, the school must follow him to the shop. Obviously, too, a shift from one type of work to another at proper intervals is necessary.

Supervisory Function of the School

In all occupations, whether energizing or enervating, manual dexterity comes naturally in the course of the day's work, and the school need not worry about it. The function of the school, co-operating with the commercial shop, is, then, two-fold;—first, to exercise a supervision over the shop work for a period of time, so that the shop training shall cover as wide a variety of functions as the occupation permits; second, to give mental training, so that the worker may be an efficient industrial and civic unit. This right of the public school to supervise the thoroughness of work cannot be logically disputed, for the public school system is the only public organization which has, as its special function, the production of good citizenship; the shop authorities are necessarily concerned with the production of material things to such an extent that the child within their jurisdiction is often lost sight of. In the co-operative courses now in operation, this right to plan the shop work for a period of years has been granted the schools by the employers, and has proven commercially profitable to them.

To meet their second function, the public schools must analyze the character of the work, whether energizing or enervating, and plan accordingly. As indicated above, the enervating work presents the more serious and numerically the greater problem. It is also the more difficult educationally. Scientific investigation has furnished the suggestion to the solution. It has been found that a series of stimulating shocks to the higher thinking centers is the

only means of overcoming the lethargizing influence of automatic work. The more automatic and long continued the work, the more spectacular and bizarre must be the stimulating shocks.

Plans of Instruction

Further, the impulses given must be of such character that they will be echoed and re-echoed in the worker's daily tasks. Suppose, for example, a plan of instruction were devised for purely automatic workers in a silk mill. It would first be necessary to ascertain to what countries the products of the mill were sent, and why different types of silks were sent to different countries. Suppose the products went to Brazil, Mexico, different parts of the United States and Canada. Moving pictures, showing the life and customs of these various countries would be obtained and their historical development explained to show why different silks were sent to different communities. Under these conditions, history and geography would have life and the lessons would be good civic training. The very interesting story of the silkworm would be shown also by moving picture films, as would the story of the production of cotton. There are no more striking chemical experiments than the making of dyes, and these would be utilized to stimulate interest. Many other forms of instruction would be given in a similar way and, as far as possible, all would be planned with a view to giving a distinct mental stimulus through spectacular means. It will be evident that the stimulus received in the class room would be echoed and re-echoed in the worker's daily tasks when silks of various kinds and colors come through the machine, so that the net result would be a resurrection of interest and, therefore, of life in the thinking centers.

Part of the Day's Work

This would not be night instruction. On the contrary, it would be given during the day, and the worker paid for the time in the class room just as though he were at his machine. In selecting the time at which this could best be given, investigation of the fatigue element would be necessary. For example, it has been found by actual experiment in certain trades that if high-speed automatic workers are given a complete physical rest for fifteen minutes at

ten o'clock in the morning and at three o'clock in the afternoon, their production is just as great as if they had worked these thirty minutes, and they do not leave their work physically worn out at quitting time. The instruction in this case would be given during the rest period. Immediate financial benefits might not accrue to the employer, but after a short time, he would find that he had a thinking body of employees rather than one becoming atrophied mentally.

Consider by way of contrast another type of continuation school for young men whose work is largely energizing, the machine shop apprentice. While some of the spectacular means mentioned in the previous scheme might be used, the major portion of time would be devoted to teaching the science underlying the work. A school of this type has been in operation for some time in Cincinnati as part of the public school system. The apprentices attend school one-half day per week in rotating sections. Those in the lowest educational grade come on Monday afternoon; the next grade comes Tuesday morning; the next, Tuesday afternoon and so on. On Monday morning and Saturday morning the teachers are at the commercial shops, looking into the shop work of the apprentice. The young men are paid for the one-half day in school just as though they were on their machines in the shop. Carefully scrutinized records of the shop work of these apprentices show that there is no commercial loss to the employers.

These two plans are cited not so much to present definite schemes of instruction as to indicate the trend which public school activities must take to meet the evils incident to modern industrialism. Nor must it be assumed for a moment that the public school's educational functions can counteract the effects on growing children of long hours, depleting environment and deadly monotony; and that, therefore, these evils may continue. Where mental and physical vitality are exhausted, educational attempts will be an added burden rather than a relief. It will be evident that the child labor problem, the industrial education problem and the problem of training for good citizenship are one and the same problem. It will be well to remember, too, that we cannot blanket rigid standards on so variable a thing as humanity and its occupations.

SYMPOSIUM—CHILD LABOR ON THE STAGE

I.—CHILD LABOR ON THE STAGE

BY MISS JANE ADDAMS,
Hull House, Chicago.

Our child labor law in Illinois does not permit any child under 16 to work between the hours of seven o'clock in the evening and seven the next morning. This, of course, applies to theatres as well as to other places in which a child may engage. And so it comes about that while children between fourteen and sixteen may be engaged in the afternoon performances, no child under sixteen can play at night. Of course, this makes a good deal of confusion when plays come on from New York and other cities in which children are permitted to appear, and arrive in Chicago, and the child is thrown out of commission—if I may use that phrase; and we are continually told that because of this fact, some of the best plays will never be given in Chicago.

We had a very good test the first year the law was in force, when Maude Adams was giving her very justly famous and charming play, "Peter Pan." She came the first night with the children with whom she had been playing in New York. It seemed to us a very crucial moment. The tickets for the first performance had been sold for the benefit of the Children's Hospital Society, a very popular society in Chicago, and a very appealing society, of course. The state factory inspector, however, did his duty, and took the children off; or rather, served notice that if they appeared again the management would be brought into court and fined. The next evening the play went on; it was not taken off the boards, as we had been told it would. Three other young people, over sixteen, to be sure, but appearing very much less than that, went on with the play with great brilliancy and great success. In fact, they were so much nearer the same size with Maude Adams that there were heretics who claimed the play more successfully carried out the illusion which the playwright had intended than had been done in New York with the smaller children.

And so we have gone on challenging one play after another, and almost always the play remains, and almost always it has a long run, and always the audience sees it with the satisfaction of knowing that no child is being sacrificed for its enjoyment.

We hear, of course, in all of this discussion that we are Philistine, that we do not realize that a child must be trained in his art, and that, in permitting no child to appear in Chicago, we are announcing ourselves as a people who do not understand what a wonderful thing dramatic art is.

Now, some of us believe very much in the value of dramatic art, and in the power which the drama has, not only to portray life, but to make us self-conscious in regard to the great things which life is evolving all about us and which we cannot see until they are epitomized and put upon the stage.

But simply because we do thus believe in the social power of the drama, because we are willing to stand by an old statement of Aristotle's that the drama is valuable as a vicarious experience, where things may be tested, where society and the individual may find out the reaction of settled methods and certain modes of living without putting to the test the great, practical concerns of life—simply because of that, we insist that a child must be carefully prepared and must enter the drama as an artist and not as a premature imitator of the manners and tricks which have been taught to it by someone else.

We have schools of dramatic art in Chicago, as New York has and all other large cities. At Hull House, if I may talk shop we have a little theatre in which children appear usually twice a year, in which all sorts of little dramas and festivals are given. But the children giving these are trained as they are trained in music, as they are trained in drawing, as they are trained in any other art which children are taught. And these dramas come as recitals, quite as the recitals and concerts are given by a music school, quite as the school exhibitions of our younger days were given. The child in the meantime lives at home. It goes to school. If it falls back in its school record, it is not permitted to appear in a second drama. It is never permitted to appear again if it seems over-excited or over-stimulated. It is never permitted to appear to excess; and this dramatic art is taught, as other art is taught, as a part of life and the preparation for life which is coming to the child later.

Now, we ask ourselves, why is it that the stage people insist—for there certainly are great artists who do insist—that a child should appear upon the stage prematurely? To my mind, there are two distinct reasons:

First, the child, simply because it is not an artist, breaks through the illusion which the stage is producing and reaches the audience with a certain—shall I say, touch of nature?—to which the audience responds very quickly, especially if the rest of the play is not very good. We like that direct appeal. We say: "How charming the child is! How naturally it does this and that!" And we call it realism. It is not, of course, realism in the sense in which an artist would use that word; it is imitation. But it crosses the footlights; "it gets over," as the theatre people would say, and reaches us. That, of course, is not holding the stage up to its highest artistic possibilities. It is allowing the stage to slump; it is permitting the stage to break through its illusion; whereas, we ought to hold up the stage to an even cast, to that which would make the drama a unit, and give us a unified impression.

Doubtless, the other reason is that the child itself has a certain sense of enjoyment which sometimes reaches the audience. That is true for a little while. It is only true during the first few weeks of a child's life upon the stage. Very quickly the part required of a child is quite as monotonous, is quite as repetitious as the work which a child does in the factory or any other place where no skill is required, but a carefully-taught task is performed over and over again.

Nearly all the children now playing are supplied from certain agencies in New York. It is said, I believe, that eighty-seven per cent of the children who are found in the traveling companies of America are supplied from New York. A child is taught one part. When he grows too old for that part, he is not kept with the troupe, or inducted into another part; because the troupe goes on playing the same play over and over again. He is sent back to New York, and a new child is substituted and taught the same things which the one sent back formerly performed. He is not developed into an artist, because the play is not put on for the development of artists; the play is put on to produce a certain effect at a given moment, and to reproduce itself as long as the public demands it and as long as the box office receipts hold out. And, of course, no one is concerned with the education of the child.

I saw the same play in New York twice this winter, and it was painful to see a little child clambering up a wall in exactly the same way which he had done the week I had seen him before, putting his little foot on exactly the same spot, and going through the same simulacrum of climbing a wall which he had done so many times that he could, of course, do it no other way, and was allowed to do it no other way.

Now, what do we like about children? Is it not, after all, their spontaneity? Is it not the determination of each little soul to express itself and be unlike anybody else which makes individuality? And when a child is too carefully taught to conform, or even when he is prematurely taught, we call him a prig, and we find him uninteresting; we say it is a great pity that this child had been given a pattern before we saw what was his real object, or his real contribution to life. So we say that, from the point of culture, the preserving for life the contribution and gift which each child might make, nothing is much worse than its premature exploitation on the stage.

I was asked this evening to say something about Count Tolstoy, and trying to say something about art here reminds me of a story which, perhaps better than any other story illustrates what we have a right to demand of art in this dreary life of ours.

Tolstoy has a story in which ten men are working in a field, and at the end of the season they divide up the produce of this field to each man according to the amount of work he has expended upon the field. But one day, one of these men wandering to the edge of the field and pulling a reed from out the swamp, finds that he can cut holes in this reed and make musical sounds, that he is, in fact, a musician. The other nine men are so pleased with the sounds of this pipe that they say to him: "We would much rather work harder, all of us, and supply you with food that you may be freed from the work and supply us with this sweet music." And so the man is freed from his labor, and he plays to the others as they are tilling the soil.

Tolstoy says that is a perfectly fair exchange; they give him food and he gives them that which lifts their minds from the harshness and roughness of their task, which gives them a sense of beauty in the world, and delights their hearts.

And then he says that this artist, having the artistic temperament, and concluding that he is not being appreciated, puts his pipe under his arm and goes to the city. I think he has him go to Paris, and there he joins an orchestra, and they all play together, and they go down very low, and they go up very high, and they do very remarkable things in a musical way. And the audiences who come to listen are not people who labor, for the most part; they come because they think it is a cultivated thing to hear good music, or they want to write articles about it, or they want to go to an afternoon tea and tell somebody else that they have heard this music; for all sorts of reasons they come and listen. And because they listen from these queer reasons, the musicians begin to think only of their technique, they begin to try to do things that will dazzle the audience, that will bewilder them and mystify them.

And two things happen, Tolstoy says: The first thing that happens is that the people who are laboring are not having this music at all, because they cannot afford to come to hear this orchestra; they are working for a living in the shoe factories, the mills, the sweatshops, toiling through long hours without the pleasure which music might give them. And when they want that pleasure, they go to low music halls and get that which appeals to their sensuous natures, or at least that which does not uplift their minds. And then the fine people who come to listen to the orchestra, say to each other, "See, what the common people are; they like low down music; they don't like such fine music as we appreciate." And the orchestra, on the other hand, because it is not ministering to the people who labor, because it is not trying to perform the function of art, they, too, become very queer and difficult to understand, far away from that simple art which when fostered has always been a help; the art which Homer represented when he sang to the people of Greece and put into beautiful form the old stories of which they were all so proud; the sort of art which Cimabue represented when he came down from the mountainside and carried the picture of the Madonna through the streets of Florence, and all the people followed him and felt their religious life was being expressed by this gracious mother and child; the sort of art which Wagner expressed when he tried to unite the German Empire by going back into the old folk tales and saying, "These belong to all of us; we will synchronize them; we will bring them together; and through them we will express this new national life."

And so Tolstoy says this thing has happened to art, that because real art can only come at the moment when it is trying to express the life of the people, after that moment is passed we imitate it, we serve it up over and over again. The people who labor, bereft of this art which they ought to have, get farther and farther away from solace, harder in their lives and duller in their purposes.

Many of us believe that the drama is a great art, that the power of the stage is so great and popular, that even the five-cent theatre is almost becoming a national institution. I believe there are two and a half million people every twenty-four hours who go to a nickel show of some sort in the United States. They go, fathers and mothers and little children. What they see there more or less forms their moral purposes, or at least it expresses their longings for the heroic of life, their romantic cravings for all of those things which lie outside the humdrum. It is because we believe this art is so great and so powerful, even in its humblest manifestations at the nickel show, that we would preserve it for our national life, that we would keep away from it those who are too young to understand what it means, who are caught by the lack of restraint which art always exhibits, who fall in the snares which are always spread out for the young in such places.

And we would say, let us have as fast as we can a national drama in America; but let us have a drama presented by mature men and women, with their powers trained, with their outlook on life moralized; and then let us meet it from the side of the audience with a demand that it shall be sustained and worthy of our national life, and that it shall not be crowded and put before us prematurely, and that the young shall not be sacrificed that we may have a Roman holiday.

II.—CHILD LABOR AS RELATED TO THE STAGE

BY HENRY BAIRD FAVILL, M.D.

Chicago.

In discussing the broad topic of child labor, it is desirable to bear in mind that we are dealing with a subject, the positive side of which is a matter of economics, the outgrowth of industrial conditions in which the moving factors have been to a large extent matters of apparent necessity.

On the negative side of this question are arrayed considerations humanitarian, sentimental, and for the most part beyond any question conservative. It is almost universally true that under such conditions the material factors represented in a system which has become fixed, have a stability and lack of elasticity that makes gradual and carefully studied reform extremely difficult.

On the other hand, it is true that propaganda looking toward abatement of conditions which are regarded as pernicious, proceed upon lines of feeling and denunciation not always tempered by calm consideration, either of the conditions or of the circumstances through which conditions have been evolved.

Of course, this is tantamount to arguing that this subject should be approached calmly, fairly, and with full knowledge of the facts. It is especially true of the child labor problem that this sort of scrutiny should be applied by all concerned.

A priori, it is hardly to be disputed that strenuous labor is for children an undesirable thing.

It is probably just as true that much of the schooling of children who are not called upon to work is undesirable, and for very much the same reasons. Yet to the school we are so accustomed, and to its undesirable features we are so obtuse, that there is hardly a voice raised in an aggressive way looking to the remedy of conditions which are stupid and distinctly damaging. The fact, however, that the alternative of school life for children is open to grievous objection, should absolutely have no weight in discussing child life as related to industrial conditions. Our problem involves no balancing

and disposing of all social contingencies. Progress is not made that way. The problem before this organization is that of weighing upon merit the advantages and disadvantages in child labor and defining as accurately as may be the territories of safety and desirability. So, when I approach this question of the effect upon the physique of children of any pronounced form of continuous labor, I shall approach it without reference to the great mass of shifting and complicating social alternatives, and upon the distinct ground of physiologic and psychologic values.

There was a time when medical men and physiologists were disposed to regard the problems of childhood as the problems of mature persons in miniature. It is not very long since this view has been recognized as fallacious, and we are, therefore, not in possession of abundant facts from which to propound unquestionable principles of child development.

There is, however, an abundance of knowledge at our hand to justify emphatic expression upon many phases of this question.

It is most valuable in analyzing the subject, to consider, with the notion clearly defined, that youth is the period of growth and formative activity, and that mature life is a period of fixed and relatively inactive growth processes. Immediately arises the question, how much more can a young animal be expected to do with his machinery of nutrition than merely to grow and maintain a proper physiologic balance? We know that in isolated instances prodigious feats can be accomplished by young animals and by young humans, feats of mind and feats of body, but that is in no sense an answer to the question. With human beings the question is not as to what the young can do, but what they can appropriately do with respect to the many years of life it is hoped they will endure.

Upon that basis it is safe to say that there is a point at which expenditure of energy through voluntary activities is in ideal adjustment to those processes of nutrition and growth which we consider distinctly vegetative. Expenditure of energy beyond this point is at the expense of proper growth. Effort below this point is as plainly, but perhaps not so seriously unfavorable to development.

There can be no doubt that this point varies in different individuals, and that there is hence great difficulty in determining for children in masses fixed lines within which they shall all travel.

Educators are coming to see this, and the process of differentia-

tion in educational matters is becoming a matter of close investigation. This applies not only to the curriculum of school, but applies and will still more apply to physical conditions under which school children live.

The principle which is gradually being evolved in educational matters is this: that there shall be an elasticity in school curricula, which shall enable the various degrees of mental and physical capacity to find proper measure and accommodation.

Through it all runs distinct recognition of the fact that the tendency of school is to over-confine, and over-restrict, and more or less over-work the young child. If that principle is sound, as applied to school life with its comparative latitude, short hours and desultory character, why should it not be invoked to determine what is proper as to labor for children?

The question admits of no argument.

As a human proposition, it is far more important that the factory be estimated upon this basis than that the school should be. As a practical proposition, nobody can question that the effect of long hours, rigid duties, sustained effort, and more or less bad hygienic conditions which prevail of necessity in industrial pursuits, are damaging to the physical welfare of the individual child. If damaging to the physical welfare, there is equally no question that it is limiting to the mental development and perverse of the moral development to a greater or less extent.

Let us grant, for the sake of extreme fairness, that teaching a child dexterity, industry and responsibility has a value. Can any honest mind doubt that these alleged advantages are more than offset by teaching it the dexterity of an automaton, the industry of a driven slave and the responsibility of a premature burden-bearer?

These are matters to be discussed, not in terms of scientific definition or of physiologic abstractions; they are to be discussed in the light of common sense with the evidence open to any honest mind. Let any adult consider the effect upon himself of prolonged, tense, exacting labor, particularly with reference to his reserve supply of nervous energy, at the expiration of his day. Let him then ponder upon the status of a child, called upon for relatively the same kind of expenditure, in the light of the fact that that child needs for his formative processes many times the nervous

energy which the adult needs. The conclusion is unavoidable, that there is in our most aggravated trade conditions a relative imposition upon the child far greater than upon the adult.

The damage to the child is primarily in the inroads upon his nervous system, the robbery of his vegetative life to supply his voluntary activities. The effects of this demand are remote, because operating through a long series of defective nutritive processes which find their expression years hence in failure of development on the one hand, or exhaustion of nervous resources upon the other. Is there any lack of facts to substantiate all of this picture of demoralization?

The facts are too simple of demonstration to need argument at this date, and yet, the question may fairly be asked, are these evils equally true of all forms of child labor? Are we not trying to generalize too broadly and to dogmatize too definitely about matters which have strong specific differences?

This question is asked in many directions by those who see less clearly than we the undesirability of child exploitation.

I am disposed to agree with those who argue that all fields in which children are employed are not equally objectionable. It would be idle to argue that there are not differences in degree of undesirability in various pursuits and it is fair to discuss whether some of the employments of children have not enough advantage to offset the disadvantage.

This brings us to the immediate subject in hand; the question of employing children upon the stage. It is pointed out that the tendency of stage training for children is in the direction of education, refinement and general elevation of level; that of necessity they are cared for physically; that their usefulness depends upon a certain degree of culture; that their pursuits are of a pleasure-giving quality as compared with industrial pursuits, and that above all their economic usefulness as wage-earners is far beyond that of ordinary child laborers.

In support of this can be cited several well-known examples of people brought up from childhood on the stage who have achieved great personal worth and public importance. Supposing that all that is alleged to be of advantage to children upon the stage is true, does it carry conviction as to the desirability in general of that life for the young?

It may be true that children who are to be employed upon the stage will be physically somewhat cared for; that they will be comfortable and perhaps live in relative luxury, as compared with what they might have had otherwise. Let us assume that it is so. Does it imply any physical advantage in the end? Obviously not the least, unless there can be associated with it definite hygienic living, such as will offset the perversion of natural habits incident to the hours of employment and the pampering influence of comforts which are devoid of the elements which tend to build up vigorous bodies, and also some sort of mental or moral surrounding tending to mitigate the unfailingly deteriorating effect of luxury, even such meagre luxury as could be implied in this discussion.

I repudiate utterly the notion as to benefit to physique which is thus argued.

It is true that the children in question might have association here and there, with people of somewhat more cultivated type than would be normal to them; that the nature of the calling is such as to evoke some degree of mental response which on the whole would promote intellectual development. When one considers, however, that the culture of the stage is on the whole specious and superficial, and that the stimulus that it affords to the young is that of excitement and imitation, rather than fundamentally cultural, it must be concluded that a view which holds this of great use to the young is very narrow.

To any extent to which it affects children in a stimulating way at all, it does so through the medium of highly strung nervous unnatural appetites and aspirations, false standards and faulty methods which are calculated to ruin the nervous balance, mental poise, and moral unfolding of the average child.

We are prone to attach to the conception of art some mysterious, ennobling quality. Is it true? A fair survey of the field of art, as it is recognized to-day, will absolutely dispose of that contention. Either it is not true at all, or our conception and definition of art has got to be radically corrected, and the field of art enormously restricted. Hence, to create for the child a conception of great privilege, based upon art, as it is now regarded, is to put forth a fictitious situation, empty of real possibility and pregnant with opportunities for permanent damage.

No discussion of child culture has any value that does not take

into account the effect upon character which the life experience offers.

Naturally, people differ as to the qualities most admirable in children, as they differ upon qualities most admirable in men and women. It is for us to advance and maintain such views of character and quality as seem to us most sound.

Is there anything in the realm of childhood more disquieting than precocious sophistication? Consider it not only upon the side of premature knowledge and familiarity with the undesirable phases of life, but consider it in its reflex upon the individual nature.

Consider how impossible it becomes for a child not to acquire that self-consciousness which puts it into strained relationships with nature and with life; the certainty with which simple and outspoken honesty is eliminated and substituted therefor is artificial expression and indirect process. Consider what a child so equipped has to overcome before there can develop foundations of integrity and morality upon which every individual sooner or later has got to build personal character.

Life is bad enough as it is without offering to the young a double distilled essence of mental and emotional poisons such as inevitably inhere in the tense and aggressive work of portraying all phases of human experience in the form of the drama in its present relation to the public.

There is great question as to how far the young, as an audience, should be fed with this material. How enormously aggravated is the damage to a participant!

But, it may be said, We are taking this too seriously; these things are plays, imaginary situations, more or less humdrum to those habituated. Let us see what that means.

Has anyone ever gone behind the scenes, particularly after being impressed by good art upon the stage, and failed to have a wave of depression as he views the utter lack of relation between the portrayals of the stage and the life of the actors? To the mature mind, it is true, there may be possible accommodation of thought whereby art and portrayal may separate themselves automatically from the sordid conditions of stage business, but take it by and large it may be said that if the admiring public could see all of the preliminaries to the most magnificent stage success, nothing but ruin could attend the disillusionment.

This does not at all imply viciousness or any undesirable moral quality. It is a mere matter of psychology, and to those who are trained in stage affairs, doubtless rather a negligible matter, but to the young and impressionable who are building up an experience in life in which they are acquiring standards as to life's realities and values, it cannot fail to be a demoralizing influence.

Not only will its demoralization show in doubtful and uncertain standards, but it will show concretely in the nervous development and expression of the individual. Excitement, ambition, emulation, indiscriminating fascination, all come rolling upon a child in such a way as to overwhelm all but the most exceptional.

If what is at the end of the road were the most desirable thing to attain, this process of attaining it would be too perilous to sanction it. In proportion as that attainment is less ideally desirable, the wrong to childhood involved in exploiting it to this end, proportionately increases.

Can there be an advantage from any point of view strong enough to justify the sacrifice or the risk?

Those who are viewing the welfare of humanity from the standpoint of medical training and particularly illuminated by broad medical experience, are very clear in their belief that progress in human happiness is closely related to health.

The more we know of this subject the more we realize that mental development and balance is not to be separated from other physical questions.

There is reciprocal relation between bodily states and mental states operating through the nervous system that makes the importance of well developed, carefully preserved nerve centers vital. From a medical point of view no influence bearing upon the development of childhood is more important than those which a child encounters in this period of nervous growth. From a scientific or a common observation standpoint, conditions which tend to overstimulate, over-fatigue, and generally unstabilize the nervous system of children are destructive and for the most part, if continued too long, beyond correction.

There can be not the least question from the point of view of those who understand and without prejudice pronounce upon these questions of child evolution, that stage experiences in general are among the most vicious conditions to which children can be

exposed. The whole movement is without the slightest justification from the standpoint of the welfare of the child, and this fact alone should be enough to stigmatize the effort to create an industry for children upon the stage as a social abomination.

III.—CHILD LABOR ON THE STAGE

BY MISS JEAN M. GORDON,
New Orleans, La.

There is no phase of child labor which I have found in my four and a half years' experience as factory inspector in the City of New Orleans so baneful as that of the children of the stage.

We became impressed with the subject of the children in the mill, because we could see those hundreds of little children coming out every evening after a hard day's work. I do not think many of us have realized the enormous growth of the nickel show and the vaudeville theatre, or the number of children employed in them. My work as factory inspector brought me in touch with the theatrical situation in New Orleans. I did not find any talent displayed in the girls that I had to take off the stage. They were simply employed for their physical attractiveness. In my office I have learned from girls of ten and twelve and thirteen years of age, of the low standard of morals taught these young children as part of their stage experience.

The state has said that no girl under twenty-one years of age can have charge of her money. But you allow a little girl of ten years of age to take her moral life in her hand. You may think that this is all very true, but that art is a hard taskmaster, and genius must be given a certain sway. Theatrical people have a great way of talking of the geniuses. I think I am more interested in helping the geniuses along than any of the others, because I fear that those with any real genius in them would soon have it blotted out by the contact with the life they lead.

Furthermore, the idea that plays like "Helena Ritchie" and others of that class cannot be played by adults is erroneous. "Helena Ritchie" was played in New Orleans last year. A woman came to me and said, "What will you do about 'Helena Ritchie'? Are you going to deprive us of seeing such a wonderful play?" I personally am quite willing to give up all these plays if it means that they must use children, but I don't think you have to do it, as was proved in this case.

When I heard "Helena Ritchie" was coming, I called on the manager of the Tulane Theatre, and asked him about the child to take part in the play, and he said, "The child is twenty-three years of age." I knew that as soon as Sunday night was over my telephone would be kept busy telling me that there was a child on the stage, and my first thought was to notify the public, and then I thought, "No, that would spoil the illusion. I will see how many people guess that this child is twenty-three years of age."

I went to see the play, and not a soul in that house ever suspected that that little tot of a creature, with its little thin legs done up in the funniest little white stockings, accentuating the childishness of the form, and a yellow wig that came very much down over the face so as not to show the neck—no one ever suspected that that was a woman of twenty-three years of age, who acted the part infinitely better than any child ever could have acted it, because she could interpret and understand so much better what was expected of her than any child of seven or eight years of age.

Another point always brought out is the need of the wage to the family. Of course, I am bitterly opposed to the idea that the children of men and women should support them. And it is a very significant fact that it is only the human race that lives off the earnings of its young. Charlotte Perkins Gilman has expressed it wonderfully well in a little poem when she says:

"No fledgling scratches for the hen,
No kitten mouses for the cat."

It is only the human family that lives off the earnings and the wages of its own little children.

Now, just at random the other day, I took 356 certificates which had been issued to the children in our office, and out of the 356, I found ten were orphans and 26 fatherless. All the rest of the certificates had been issued to children who had both fathers and mothers. I have found that the "poor widow" is generally at the washtub making great effort to send her boy and girl to school; but it is almost without exception some great, big, fat, lazy man or shiftless woman who has sent the children into the mills and the factories. If it is true that the child is supporting the poor widow, then why cannot we educate the community to recognize the right of the widowed mother to a pension from her state government? If we can pension soldiers, men who have gone forth and killed,

I certainly think we could develop some form of pension for the woman who has tried to supply good citizens to this American Republic.

Furthermore, they tell us that they always take such excellent care of the stage children. Stage children of five and seven years were boarded in a place in New Orleans where, I believe, no respectable parents would care to have their little five- and seven-year-old children stay; going home as they did at half past eleven and twelve o'clock at night.

We have got to face the question. We must recognize that,
"Who for truth no sword uplifteth,
He for error strikes a blow."

And if we are not doing our work, and our share in this work of trying to save the child, then we are on the other side, and are helping to drag down the children of America.

SYMPOSIUM—POVERTY AND PARENTAL DEPENDENCE IN RELATION TO CHILD LABOR REFORM

I.—SCHOLARSHIPS

BY GEORGE A. HALL,
Secretary, New York Child Labor Committee.

The plan of granting children child labor or school scholarships is no longer new. With various modifications it has been tried in Chicago, Philadelphia, New York, Baltimore, Louisville and several other cities. In some places these scholarships are administered as a part of the work of the regular relief societies, while in others child labor committees, consumers' leagues, or some similar organization, not doing relief society work, give these scholarships. Whether or not it is more appropriate for a relief society or some other organization to administer them, is outside the purpose of this discussion. In New York City a satisfactory arrangement has been followed since 1905, under which the appropriate relief society furnishes the necessary aid (not always under the name of scholarships) when the children are under fourteen years of age, and the New York Child Labor Committee grants its scholarships to certain fourteen and fifteen-year-old children unable to meet the legal requirements for securing working papers.

When first established, scholarships had a two-fold purpose: (1) to furnish an answer to the opposition which usually develops in child labor legislative campaigns, which claims that the passage of the given bill will drive scores of poor widows to the poorhouse; and (2) to aid in securing a strict and impartial enforcement of the law, particularly new provisions. The value of the New York Child Labor Committee's scholarships has been most apparent in relation to the second purpose. While in the beginning it was thought the granting of these scholarships would continue only until the community had adjusted itself to certain new laws, experience has proved that improvement in the efficiency of law enforcement brings with it the same allegation that much hardship

to certain families will result. For this reason, the Committee is continuing its scholarships, and at present, at least, sees no prospect of abandoning this part of its work.

State Aid

Some, no doubt, will argue that inasmuch as the state has passed compulsory school attendance laws, it should by public aid make it possible for children of families in destitute circumstances to attend school. This view is held by many prominent educators and social workers. Three states, Ohio, Oklahoma and Michigan, following the example set by Switzerland and other foreign countries, have adopted a plan of granting state aid in such cases. Much may be said in favor of state aid; on the other hand grave dangers confront the state which attempts this work. Until feasibility of furnishing such relief by the state has been more clearly demonstrated in our own country, the plan of meeting this problem as adequately as possible through private relief will undoubtedly continue.

Administration

In considering the administration of these scholarships by a private organization, certain features essential to the success of the plan may be pointed out.

1. Preliminary Investigation:

Before making a decision as to the need of assistance, a thorough investigation should be made by a person experienced in this line of work. This should include several visits to the home, calls at the school the child attends or has last attended, and inquiries of other persons able to give information as to the financial condition of the family.

2. Careful Record-Keeping:

Written records of all visits and statements secured should be preserved.

3. Reports as to School Attendance:

As a prerequisite to receiving the weekly allowance, every child should be required to present a report card signed by the proper school authority, showing the actual attendance of that child during that particular week. It is also very desirable that similar cards

showing school attendance of the younger brothers and sisters of the scholarship holder should be secured. The placing of emphasis in this way upon the attendance of younger children will aid in obviating the need of granting scholarships when such children reach the age for leaving school.

4. Personal Application of Scholarship Holder for Allowance:

While the experience of some may be in favor of sending the money weekly to the home of the child, the practice in New York, of requiring each child to call at the office personally on Saturdays presenting at that time the school report card, seems to us preferable. It affords more personal touch with each child and also assures one that the child is not working on Saturdays.

Five years' experience in granting scholarships in New York has proved that they are of peculiar value, not only as a means of affording relief to needy families, but more especially as a source of information otherwise not securable as to the actual way in which the school officials and the Labor Department inspectors enforce the laws for which they are responsible.

II.—STATE CHILD LABOR RELIEF

BY M. EDITH CAMPBELL,
Director, Schmidlapp Bureau for Women and Girls.

The Ohio Child Labor Law has a supplemental provision, known as the Child Labor Relief Law (Section 7777—General Code). It provides that when a truant officer is satisfied that a child, compelled to attend school by the provisions of the act, is unable to do so, because absolutely required to work in order to support itself, or help to support others legally entitled to its services, and the truant officer shall report the case to the president of the board of education, it shall be the duty of said president to furnish text-books free of charge, and such other relief as may be necessary to enable the child to attend school for the required time each year; the expenses incident to be paid from the contingent funds of the school district. Such child shall not be considered or declared a pauper by reason of the acceptance of this relief. In case the child or its parents or guardian, refuse or neglect to take advantage of the provisions thus made for its instruction, the child may be committed to a children's home or a juvenile reformatory.

Unfortunately I did not know of my part in this program in time to secure later information than was obtained a year ago. This information was secured by Mr. Clopper, who sent an inquiry to the boards of education in a number of Ohio cities, concerning the operation of the law.

Its Operation

It was found that the larger cities had done something toward giving relief, in the way of clothing, shoes, eye-glasses and text-books, but Toledo showed a very interesting situation: They were giving scholarships amounting to two dollars a week, and six children were virtually being kept in school through them. Other relief was also being given. One child was provided with carfare

in order to go to school; two or three children were furnished breakfast. Toledo is evidently giving the law a fair trial.

In Cincinnati, since September 1st, we have also been giving this material relief in money, while previously the law had operated as in the other cities—not giving monetary relief. More than a thousand dollars, however, had been expended under this law in clothing, books, and eye-glasses, disbursed through the associated charities. When a child applied for an age and schooling certificate, and because of its age was prevented by the state from working, if the mother were found in positive need of the child's assistance, the case was reported to the charities for investigation. If the investigation disclosed need, the charities furnished the relief, sending the bills for such relief to the board of education.

Since September 1st, however, the matter has been entirely handled by the chief truant officer, and the board of education has given out \$300 in scholarships of \$1 or \$2 a week. I have not been able to discover, however, any particular interest in the law on the part of the officials concerned. Neither has the system of investigation been perfected. The truant officer expressed the hope that the law would not become widely known, as in times past such relief had caused only pauperization and idleness. He also felt that the board of education could not assume the burden of investigation of a large number of cases. My suggestion that the associated charities and other agencies would gladly assist was not enthusiastically received.

A law similar to that in Ohio is in operation in Oklahoma, which definitely provides for the furnishing of relief in money.¹

Tentative Results

It may be too soon to expect results from the operation of this law in Ohio, or any but the most meager and inaccurate information. We may, however, note one or two tentative results:

1st. Evidently there have not been many applications for assistance by mothers of children under fourteen years of age. We trust this may be due to the fact that the number of families for whom the necessity of child labor is a pressing one, is not large. This situation, however, may also be due to the desire of boards of

¹In April, 1911, Michigan passed a law providing relief for families in which premature child labor would otherwise be necessary, specifying relief should not exceed \$3.00 a week per child or \$6.00 a week per family.

education "to keep the law quiet," or of the unconscious stigma of "charity" which is placed upon accepting relief.

2d. Fear of pauperizing the child or the parent, rather than the spirit of investigation and experimentation, is at present the attitude of boards of education.

We realize that the power of boards of education in this matter is limited by the vexatious and sometimes seemingly insoluble problem of taxation. For instance, in Cincinnati, Superintendent Dyer, whose great interest in the training of the industrial child is widely known, is facing the reduction of school funds. This may mean for Cincinnati a curtailment of the continuation school system, a lowering of teachers' salaries, or other much to be deplored limitations of a well planned school system. Demands upon the contingent fund for pensions or scholarships will, of course, increase this problem of adequate financial support for present experiments. But the financing of industrial courses, of co-operative and continuation schools might mean the diminishing of funds for high schools. Yet we do not hesitate to establish schools and classes for the child who must be a wage-earner. Perhaps the child who is poorly nourished, inadequately housed, and improperly cared for, who must be considered not as an individual but as "a member of a group," needs the attention of educators, and of the state, as much as the "industrial" or the "high school" child. There is certainly an unusual opportunity for a wide and helpful knowledge to be gained through this Ohio law concerning this child and its difficulties.

As suggested, the expenses to the board of education of the necessary investigation could be obviated by the assistance of such an agency as the associated charities. The most thorough investigation would of course be necessary, for we realize only too keenly the evil of giving material relief without a constructive policy for the formation of character. As Miss Breckinridge writes²: "The task of the relief agency, whether public or private, in dealing with the family group, is the extremely difficult one of furnishing the pecuniary or material resources in such a way as to build up the spiritual well-being, and above all, the spirit of independence and of endeavor of the children." We certainly cannot develop "a comprehensive program of preventive relief administration," unless

²Widowhood in the Juvenile Court. Reprint from "*American Journal of Sociology*," July, 1910.

every advantage is taken of such an opportunity as is afforded by a relief law.

Educational vs. Monetary Scholarships

The text of the law clearly states that the child who benefits thereby shall not be considered a pauper. Nevertheless, an indefinable stigma rests upon pecuniary relief, and the women for whom it is intended do not apply for assistance. This stigma can be removed if the funds are handled as scholarship funds. Either the psychological effect of the name of such funds or the method of their management frees them from the stigma. Government scholarships are regarded only as an honor, an interesting example of which we find in Porto Rico. That government has provided forty-five scholarships, enabling children and youths of inadequate means to study in the United States. Twenty of these are for college training, \$500 a year each; twenty-five in institutions such as Hampton or Tuskegee, \$250 a year each. College scholarships are also given and received as a mark of honor, and my own acquaintance with private scholarship funds strengthens the conviction that pecuniary assistance can be given without breaking down the self-respect of the recipient. The state extends to the child education from the kindergarten to the university, without even inferring that the publicly educated child is a pauper. Why, therefore, cannot the state bestow upon the child education in the form of monetary scholarships? One dollar or two dollars a week may mean securing for the child the greatest of all "educations," the care and guidance of an intelligent mother, and the beneficial influence of the home. Why, therefore, in this form of education should the mark of honor be lost and the stigma of "charity" become apparent?

The fear of pauperization is always with us. This fear, however, does not prevent the state from making lavish expenditures upon the child through channels of education and of institutional care, but it does prevent the state from rendering assistance to the individual child or mother, and this often defeats the great end for both education and government—the preservation of the home. We are so eternally concerned over the one or two mothers who did not deserve help and are consequently catalogued as "failures," that we are quite willing to allow the eight deserving mothers to die of

overwork and starvation; secretly consoling ourselves with the knowledge that state institutions will rear the orphaned children. We know the institutional expenditure will be much greater than the individual expenditure would have been, but we have at least not encouraged idleness and dependence! In her address before the last conference of charities and correction, Miss Addams presented this need for state care with her own clearness of vision and irrefutable logic. In the reprint by Miss Breckinridge referred to, and in a number of recent studies by Miss Breckinridge and Miss Abbott, the truth is forcefully demonstrated. The minority report of the poor law commission, makes the following recommendation: "That for widows or other mothers in distress, having the care of young children, residing in homes not below the national minimum of sanitation, and being themselves not adjudged unworthy to have children entrusted to them, there should be adequate home aliment on condition of their devoting their whole time and energy to the care of the children."

The Ohio Child Labor Relief Law would seem to offer a fair chance for the refutation or the confirmation of these recommendations and statements. If boards of education are fearful of informing the child or parent, perhaps it would not be giving the law too "wide" a propagation to inform public school teachers of its existence. Much valuable information and data could be secured in this way without expense. They are now not cognizant of the law's existence, and day after day they see a bright, interesting pupil fail in physical and mental strength because of burdens too heavy for childish shoulders—burdens resting there by virtue of the state's refusal to grant "adequate home aliment" for mothers "not adjudged unworthy." A tragic tale of such a defeated thirteen-year-old girl, has just been left on my desk by a teacher who, had she known of this law, could have saved the child.

A tremendous opportunity has been given the boards of education in Ohio to become pioneers in the work of preserving for the child, home care and influence. If they have the wisdom and the vision fearlessly to allow their relief law a reasonable and fair operation, they will lay the foundation stone for not only a system of education that extends from the university to the kindergarten, but one which protects and nourishes the great underlying power for the "spiritual well-being" of the child—the mother in the home.

* See *Widowhood in the Juvenile Court*, S. P. Breckinridge.

III.—THE DINNER TOTER

BY CHARLES L. COON,
Secretary, North Carolina Child Labor Committee,
Wilson, N. C.

St. Paul very likely had some acquaintance with that class of men who hire out their children for wages and do nothing themselves, when he spoke of the man who provided not for his own household, who had denied the faith, and who was worse than an infidel.

Some of my mill-owner friends tell me that "dinner toters," like poor Indians, have disappeared from their mill villages. It happens that I have been unable to find or hear of a mill village in North Carolina where some of these vampires do not thrive rather openly and unblushingly, if we are to believe the evidence of disinterested witnesses.

Every industry which employs young children for wages will breed "dinner toters." Even "the widow women who are dependent on their children for support and the crippled man who is unable to support his family," to use the lingo of the apologists for child labor, are only testimonies to a condition and a sentiment which makes possible this "dinner toter" class, which toils not, neither does it spin.

But I shall not discuss this question in the abstract. I want to describe the conditions in one typical mill village in North Carolina. I do it in the language of a mill hand, who, under date of February 17, 1911, writes:

Mr. Charles L. Coon, Wilson, N. C.:

DEAR SIR: There are 300 operatives working in the mill at this place and about 90 families represented. These figures are not guaranteed, but are as near as I can get without making a complete canvass.

You ask about certain men who work their children in the mills and do nothing themselves. Will say that I have found men of this type at every mill village I ever worked at, and at present there are some to be found here at this little mill village.

Case 1 is that of a man, stout and able-bodied, whom I have known for about ten years, and if he ever did a day's manual labor I have never heard of it. At the time I first knew him he had one boy and one girl, both very small, working in this mill, and one little girl that was about five years old. This was about nine or ten years ago. He worked them in the mill and never a day did he send them to school. The boy left home about five years ago. The girl turned out to be a prostitute and was living that life last account I had. The other child was put to work at almost babyhood and to-day is working in this mill. She has never gone to school and can not read nor write. I suppose she is about fifteen years old now. This man has acquired some property from the wages of his children.

Case 2 does little or no work; has one child at work in the mill; has little or no other visible means of support.

Case 3 is a man who, it is reported, works very little, if any. He does not stay with his family regularly; stays in Danville, where he can get booze. Some of his children are very small and would not be allowed in the mills at Danville. So he lets his family stay in North Carolina, where the children can work. He stays in Danville, where he can get short hours, when he does work, and drink booze. I am not acquainted with this party. These reports are only hearsay. I do know he has some small children working in this mill.

Yours respectfully,

Two days later the author of the above wrote me again, as follows:

Mr. Charles L. Coon, Wilson, N. C.:

DEAR SIR: I find that out of about ninety families that are represented at this mill, one-third have children at work. Of this number I find four widows with no other means of support to speak of but the children's wages. There are also one crippled man and one old man who are not able to make a support. Of course, there may be others that I have overlooked, but these figures are as near correct as I can get without making a complete canvass to get the accurate numbers. The Battle Bill (A measure then before the North Carolina Legislature.—Ed.) might work some hardship on the above six families. All the others have able-bodied fathers who help support their families and would not be hurt by the fourteen-year limit, except, of course, the few that do little or nothing toward the support of their families.

There are two more cases of that class worthy of notice that I failed to give you in my last letter. One is that of a man, although he works very regularly at times, he is a drunkard and a gambler, and has some very small children at work that should be in school. The other is a man who has raised a large family in total ignorance. Some of the children are ruined physically and mentally, for no other reason known but continuous labor and confinement in the mill since almost babyhood. The youngest boy is now thirteen or fourteen years old, and the way that child's life has been sapped

and his body stunted and dwarfed is a pitiable sight to behold. This case is largely commented on by those acquainted with it.

Pen cannot describe the ignorance and misery and immorality caused by this infant labor. One has to live among it and see it and its results to fully believe that such conditions really exist where schools are so plentiful.

Yours respectfully,

I want to picture to you another "dinner totter" case which recently came under my own observation. This man is the son of a substantial farmer, a landowner. He inherited a small farm, and obtained some education while a boy. When he grew up, he was able to get a public school teacher's certificate. He taught school for a few years, and married a good woman, who added some more land to the paternal estate. Five children were born to them. Then the family moved to a village where liquor was sold. The wife died. The man learned to drink too much, and soon after the death of his wife he married again. Then the land was sold and the family moved to its present home in a large town. The money obtained from the sale of the land was soon dissipated and the three older children were put to work in a knitting mill—one girl and two boys. The father did practically nothing, while he drew the wages of the three older children and failed to send his two younger children to school, though urged to do so. So notorious did this case become that the city attorney sent for this man and told him he must give the children their wages or he would have him prosecuted. There was no law in North Carolina to force this man to loosen his grip on these children, or their wages, but the threat succeeded. The children were permitted to draw their wages—whether they were permitted to use them as they saw proper I could not learn. Last November the two younger children, by aid of some teachers and other big-hearted people, were clothed and put to school. The seventeen-year-old girl secured work in another town and left home. She has had only about four grades in the public schools and will have a hard time winning her way. Her two brothers, of thirteen and fifteen, are yet in the mill. Their wages are still the only visible support of the family. The thirteen-year-old boy cannot read or write, while the fifteen-year-old boy can barely do so.

But there is another chapter. After the last Christmas holidays the two little boys who were put in school last fall were again taken out. When the sister learned this she came back home and

succeeded in finding homes for the two boys among relatives in the country.

Here is another example, in the language of a North Carolina superintendent of schools: "There were three children of school age in the family—the oldest, fifteen, could barely read. I went to see them to get them in school. They finally came, and we gathered up some books for them. When they had been there about a month I was besieged by the father to sign a certificate of attendance so they could go to work. They had not been in school the required time; but they quit school anyway and went to work."

This same superintendent tells of another case, as follows: "Another fellow had three children in school. One boy was especially bright. The father did nothing. This boy quit school in February. We all went after him, but it did no good. He had to work. Last fall they had the father in jail, and we had good attendance from one of his children."

Here is evidence from three cotton mill towns in different parts of North Carolina that this "dinner totter" class exists at the present day, in all its worst forms.

A Former Mill-Boy's Story

Of course, it may be argued that the cases cited are exceptional. In a way that is true. But to say that cotton mill children are better off in the mills than on the farms, that the mill owners are all humane men, that they do much welfare work, and the like, is also no true picture of real conditions. The other day I received a letter from a young man now attending a North Carolina college. Six years ago he was working in a mill. Of this child labor phase of the factory problem he says:

The most of my childhood days were spent within the walls of a cotton mill *prison*. In many ways I look upon those days with horror, and realize a loss that all the powers in the world can never regain. I know the mill life in and out, day and night. I worked two or three years at night, during my boyhood days. God save our boys and girls from what I experienced there.

I consider it a crime against humanity to allow women or children under sixteen to work at night. I don't see how any one could consider it wise to put the age limit for children under fourteen. To say the least, to put it under fourteen greatly endangers the child's life—morally, physically and mentally.

Effect on Character

And in order to develop our cotton industry, we hear men on every side defend child labor which breeds the "dinner totter," and makes of him a more despicable character than any slave-driver who ever disgraced our older civilization.

Only recently I had dinned in my ears that a bill which would prevent children under fourteen from work in a factory was a bill to promote idleness. The man who said that, and those who applauded him, boast of their humanity, and most of them claim to be followers of Him who said that He came that people might enjoy a more abundant life here in this world. There is no defense for child labor in factories; it is the most indefensible thing we have ever tolerated since we sold human beings as cattle. But couple with it this "dinner totter" product and all its attendant evils and you have something which no civilized country can afford long to tolerate.

I have often charged that child labor breeds immorality. I want to quote from a letter, dated last week, and written by a school superintendent who has had much to do with this problem. He says: "I am satisfied that working a child under fourteen injures the child's chances in life very materially. In the factories they are associated with older children. To my mind that gives them a desire to adopt certain vices which are always bad; but at that time of life are absolutely ruinous. It often undermines the health of the child. It blunts his moral sense. I have had to do with a lot of these children. Their moral sense seemed badly wrong. They have but little regard even for the decent relations of the sexes, and only slight ability to see the point in many a question of right and wrong. I do not mean that all were that way. I have found many children that were clean lived. I mean to say that the tendency seemed to be in that direction in many cases. I attributed it not so much to the work itself as to the association of the smaller children with the larger ones."

I am convinced that sooner or later we shall deal with this whole problem of child labor in a more radical way than we have ever yet dealt with it. We must do this in the interest of the child, in the interest of the human stock, and in the interest of sound morals.

EXCLUSION OF CHILDREN FROM DANGEROUS TRADES

BY WILLIAM C. HANSON, M.D.,
Massachusetts State Board of Health, Boston.

In the address of His Excellency, Curtis Guild, Jr., to the Legislature of Massachusetts of 1907, is the suggestion that Massachusetts take the lead in this country in the medical inspection of children in factories. In order to bring about such an advanced step, Governor Guild further suggested a reorganization of the labor laws, so that those laws which dealt more especially with the health of persons employed in factories might be enforced by physicians under the supervision of the central health authority, the State Board of Health. These suggestions were favorably accepted by the legislature and embodied in statute provisions, so that in July, 1907, the inspection of factories and other industrial establishments, not only for the purpose of safeguarding the health of those who labor in such buildings, but of promoting the public health, became an important branch of public health work. From the point of view of public health, therefore, factory inspection came to mean the medical inspection of factories.

With fifteen well trained physicians in the field, under the supervision of the State Board of Health, we have had an opportunity while improving the sanitary conditions in the factories to make inquiries concerning the health of seventy-eight thousand minors under eighteen years of age, and to examine physically some thirty-five hundred. During 1908 and 1909 the reports of the physicians led to another needed reform, concerning which Mr. Guild in his address before the National Child Labor Conference in January, 1910, made special mention. "The inspectors," he said, "have discovered among other things that certain occupations damaging to all health are particularly dangerous if not deadly to those who have not attained the strength of adult age. . . . The State Board of Health should be given authority to describe which occupations or processes of manufacture are peculiarly dangerous to minors. The State Inspectors of Health working under their

control should be given authority to remove children engaged in such specified occupations or to transfer to some other process, in the same occupation, that may not be similarly dangerous."

The Massachusetts State Board of Health had discovered what apparently was overlooked by authorities responsible for laws on dangerous trades in other states, that a distinction should be made between industries where all work is undertaken at the risk of the worker and industries where only certain processes are a menace to health.

The Legislature of 1910 passed an act which, it will be noted, involves not those occupations which are dangerous to life or limb, but trades, processes of manufacture, occupations or methods deemed by the State Board of Health to be sufficiently injurious to the health of minors as to justify their exclusion therefrom.

"The State Board of Health may from time to time upon the written application of any citizen of the commonwealth, or upon its own initiative, after such investigation as it considers necessary, determine whether or not any particular trade, process of manufacture or occupation, or any particular method of carrying on such trade, process of manufacture or occupation, is sufficiently injurious to the health of minors under eighteen years of age employed therein, to justify their exclusion therefrom, and every decision so rendered shall be conclusive evidence of the facts involved therein, except so far as the same may later be revoked or modified by a subsequent decision of the board. Whoever, after being notified that the State Board of Health has determined that a particular trade, process of manufacture, occupation or method is injurious as above stated, employs therein a minor under eighteen years of age shall be punished by a fine of not more than two hundred dollars and not less than fifty dollars for each offense, unless prior to the time of such employment such determination shall have been revoked or modified so as not to include the employment complained of."

The above act was approved in April, 1910, and in July of the same year the State Board of Health declared the processes named in the following schedule to be injurious to the health of minors within the meaning of the law, provided that the law "shall not apply to any factory wherein such special measures are adopted as appear to the State Inspector of Health to be reasonably practicable and meet the necessities of the case." (Approved July 7, 1910.):

- I. Processes Involving Exposure to Poisonous Dusts or Substances.
 1. Processes in the manufacture of white, red, orange or yellow lead.
 2. Processes in the manufacture of lead pipe, solder and plumbers' supplies.
 3. Cutting metal articles with a mixture of lead and tin, or lead alone.
 4. Processes involving exposure to lead and the dust of plumbago in electrotyping.
 5. Processes involving the handling of white lead or lead monoxide (litharge) in rubber factories.
 6. Lead paint grinding.
 7. Lead working in the manufacture of storage batteries.
 8. File cutting by hand.
 9. Typesetting, cleaning or handling type in printing offices.
 10. Glazing in pottery establishments.
- II. Processes Involving Exposure to Irritating Dusts.
 1. Processes involving exposure to the dust of graphite in the manufacture of stove polish.
 2. The operation of bronzing in the lithographing business, and the consequent exposure to bronze powder.
 3. Cutlery grinding, and grinding or polishing in the manufacture of machinery, machine parts and metal supplies; and grinding, glazing or polishing on emery or buffing wheels.
 4. Cutting, boring, turning, planing, grinding, doming, facing or polishing pearl shell.
 5. Talc dusting in rubber works.
 6. Sorting, dusting, cutting or grinding rags.
- III. Processes Involving Exposure to Poisonous Gases and Fumes.
 1. Spreading rubber on cloth and the consequent exposure to naphtha in the manufacture of rubber goods.
 2. The use of naphtha in cement work in rooms in shoe and rubber factories which are not provided with mechanical means of ventilation where the mixture containing naphtha is allowed to remain in uncovered receptacles.
 3. Processes involving exposure to naphtha in the manufacture of janned or patent leather.
 4. Exposure to escape of fumes or gases from lead processes.

IV. Processes Involving Exposure to Irritating Gases and Fumes.

1. Gassing in textile factories.
2. Singeing in print works, bleaching and dyeing works.
3. Dipping metal in acid solutions.

V. Processes Involving Exposure to Extremes of Heat and other Conditions which Promote Susceptibility to Disease.

1. Melting or annealing glass.

It will be seen that the Massachusetts law is so elastic as to be applicable to one establishment, to any department in an establishment, or even to a single minor. This is its most valuable feature from an educational point of view. It also insures fair treatment to both the employer and the minors. To illustrate with an actual case: In an establishment where minors were exposed to naphtha and the possibility of naphtha intoxication, there were a large number of uncovered receptacles containing naphtha, so that the State Inspector of Health—after consultation with the office of the State Board of Health—wrote the following letter to the employer:

"I desire to call your attention to Chapter 404 of the Acts of 1910 and to the schedule of processes declared by the State Board of Health to be injurious to health. Your attention is particularly called to paragraph 2, Section III, in the list of processes. In your making up department there are a large number of uncovered receptacles containing naphtha and naphtha cement, and no special measures are adopted which appear to me to be reasonably practical to protect the minors employed in that department from exposure to the poisonous fumes. Unless such practical measures are adopted all minors under eighteen years of age must be excluded from that department in accordance with Chapter 404 of the Acts of 1910. Kindly inform me as to what steps you take in the matter." The result was a letter from the employer requesting consultation with the State Inspector of Health. This request was granted, and a short time afterward the employer sent the following letter to the inspector:

"We have ordered covers for all of the naphtha and naphtha cement receptacles in our making room in accordance with your suggestions. These undoubtedly will be completed at an early date. We trust that this action is to your satisfaction."

Another type of order resulted in the following case: A boy, sixteen years of age, was found at work in a fairly well ventilated room, coming in contact with considerable lead. In this case the State Inspector of Health was directed to warn the boy and his employer to take exceptional care in regard to keeping the work-room clean and the minor to keep himself—especially his hands—clean. The inspector was further instructed to make a physical examination of the minor and to visit the establishment a month later to learn whether sufficient precautions were taken to protect the minor's health, and to make a second examination of the minor's physical condition. The inspector would, of course, explain the danger from the oxidation of lead particles left lying about on the machines and floor, and point out the danger of handling food with the hands before thorough cleansing. In other words, we recognize an educational value in the enforcement of the law in question, and try, as far as possible, to keep the minors at work without endangering their health. In some instances, as, for example, in a dusty trade, the minors excluded from those departments wherein dust was generated in the course of manufacture have been permitted to work in other departments of the same industry where they were not exposed to injurious influences of any kind.

During the last year 100 children have been helped by the act,—(a) seventy-four by being allowed to continue at their work under certain conditions, (b) ten by being transferred to other departments or processes than the one deemed injurious, and (c) sixteen by exclusion from work.

SYMPOSIUM—CHILD LABOR IN STREET TRADES AND PUBLIC PLACES

I.—THE NICKEL THEATRE

BY MAURICE WILLOWS,
Superintendent, Boys' Club, Birmingham, Ala.

The exhibit shown in connection with this Seventh Annual Conference of the National Child Labor Committee indicates a gradual change in attitude toward the child who, for one reason or another, has eked out an existence on the streets. These pictures tell the truth, investigation follows, and relief is on the way. Specialists and statisticians are revealing these conditions among newsboys, messenger boys and children of the stage, but as yet no definite and reliable figures have been given to help in the study of the child of the Nickel Theatre.

Almost over night this problem, so vitally affecting child life, has sprung up for consideration—the Problem of the Cheap Theatre. Cheap, because modern commercialism has a way of feeling the pulse of the multitude, and keeping pace with its fluctuations.

It is a long step from the drama of the Greeks to the Nickel Theatre of to-day. The theatre has always been "a place to see things." In that day when the theatre was a state institution, it was a medium through which public thought and sentiment were moulded. Through dramatic representation of deeds of prowess, legendary tales, historic and social events of the age were depicted, and always with proper moral coloring; thereby to convey a spirit of patriotism and morality to the lives of the Athenian youth. Its mission was at once ethical and intellectual. What historian can calculate the effect of this ancient institution on the life of the time?

To-day, after the lapse of over 2,000 years, our civilization still has the theatre. It is still "a place to see things." But organized society has turned over this historic educational institution to the promoters of pleasure and amusement, who, in course of time, have given our youth a substitute for what the state or community

ought long ago to have furnished, viz.: a wholesome outlet for his physical and emotional energies. That they have succeeded in capturing our children is proved by the estimated attendance of 400,000 children per day upon their performances.

Parents, school teachers, social workers, juvenile court officials and truant officers, together with personal interviews with boys and girls, and their consequent admissions, reveal conditions relating to the cheap theatre problem that make it of vital importance to this conference.

The remedy is a community problem: with the parent, who should not be satisfied with such artificial training of the emotional and imaginative instincts in his child, at one end; and the civic forces at the other, providing playgrounds and recreational centres for the masses who now throng these places. That the nickel show has met a long-felt need in furnishing inexpensive places of amusement for the masses, is freely admitted. But in the cheapness thereof lies its insidiousness. It is so easy for a girl, when sent to the corner grocery for 15 cents worth of coal oil, to get a dime's worth and save a nickel for the show. It is so very easy also, for the boy to sell his 32-cent school reader for a dime for the same purpose, and add falsehood and deception to theft by reporting to his mother "how he lost it."

These have an economic significance, but, of more importance still, is the reaction on the lives of growing boys and girls of the stimulating applications of nickel show vaudeville, and the emotional appeals to young and unemployed imaginations. Add to these the demoralizing effect of these performances on habits of study and the ever increasing demand for artificial amusements.

If these influences are baneful to the casual child attendant, how much more to the boy or girl who works therein from 10.30 a. m. to 10.30 p. m., six days a week? Of child employment on the stage the writer has read, but knows little from actual knowledge. Personal observation, however, would warrant saying that present conditions are better than in the earlier days of the nickel theatre. Especially is this true in smaller communities, where the force of public opinion is felt quickest. Close, personal contact with the problem indicates a graver danger, physically, mentally and morally, to the small girl habitué, and the small boys who work therein as ushers and ticket takers.

We have paid much attention to the child of the textile industries and cotton mills, because we have seen them in groups and hordes. Their prematurely old faces and forms have excited our pity, and relief is coming their way. The same of children of the glass factories and boys in coal breakers. Even the baby workers in the cranberry bogs are claiming a due share of study. It will also be surprising if the children employed in the oyster industry on the Southern coast do not have the searchlight thrown upon their condition at this Conference.

These industries and mills, however, exist only here and there. In every town of importance in the United States these cheap theatres abound, and with few exceptions employ young boys or girls as ushers, ticket takers, or sellers.

The child works in the cotton mill because his parents, brothers and sisters work there. His small wage seems to them necessary for the maintenance of the family. He has been born and reared in the atmosphere of the mill, he knows nothing different, and cannot exercise any choice in the matter if he wanted to.

The breaker boy, I am told, likes to work in the mines, because he can chew tobacco and take on "manly habits." But as a general proposition, boys do not work for work's sake. However, allurements of association with other boys or men often influence the boy with a man's job. How dangerously different with the nickel theatre boy employee? He leaves school and seeks employment there, because of the unusual social stimuli attached to the place; because he is a boy with boy appetites, and *he really wants to*.

The writer has repeatedly obtained good positions for dependent boys in offices, stores and similar places, where they would have an opportunity to learn habits of business and thrift during the day, and have a due quota of time for leisure; only to see them quit without the slightest provocation to take a place with a nickel show at the same wage, or lower; their hours in the first position from 8 a. m. to 5 p. m., and in the latter from 10.30 a. m. to 10.30 p. m., and later on Saturdays.

Let us look these matters squarely in the face, as worthy of consideration from those specifically engaged in regulating public thought on children's affairs. Without elaboration we note the influences tending to physical deterioration for these classes of children:

<i>Physical Deterioration</i>	{ Continuous artificial light. Bad ventilation. Continuous eye strain, due to watching the pictures. Night work.
Materially, some of the effects are,	
<i>Material Effects</i>	{ Desire for constant change of employ- ment. Distaste for manual labor. Decreasing likelihood of learning a use- ful trade. Spending earnings to keep up appear- ances. Encouragement to spend earnings for cigarettes, chewing gum and "dope."

The average theatre boy needs his "dope"—whatever name it is known by—morning, noon and night, and between times when he can find the nickel with which to buy it.

Morally, some of the noticed effects are,

<i>Moral Effects</i>	{ Weakness of character, caused by forma- tion of habits of thriftlessness. Development of appetite for emotional excitement. Sordid stimuli to the imaginations. Premature knowledge of life. Undue emphasis on self-importance. Unusual opportunities to become delin- quent.
----------------------	---

Perhaps more important than these are the ill effects on the child's mentality.

Mr. Lovejoy last year pointed to the two million children employed in the industries, "to the exclusion of educational opportunity" as "serious, unless it can be shown that the industry itself gives that educational opportunity essential to good citizenship." In these industries the mental faculties are seldom brought into play. The intellect lies dormant until, perchance, the child is brought into school. In these children, the mental faculties are easily

awakened and cultivated. Not so with the boy who has had a vacational or continual occupation as theatre boy. The very nature of the employment, the lack of continuity in the scenes and acts themselves, the cultivated taste for the imaginative instead of the real, the appeal to the emotional side of life, together with constant contact with artificial effects and appearances, render the child unfit and unambitious for school training.

From the standpoint of highest mental possibilities to the boy or girl, the "nickel theatre job" is not merely passive or stagnating; it is expulsive and preclusive.

Should not this class of child labor be included in our coming child labor laws?

II.—THE NEWSBOY

BY GEORGE A. HALL,
Secretary, New York Child Labor Committee.

In the program of restrictive legislation with respect to the employment of young children, attention seems to have been first directed toward the condition of children working in factories. As the public conscience became aroused and more intelligent, it was learned that the children working in mercantile establishments were also seriously in need of the law's protection. As a result, remedial legislation has followed in many of our states. Although more than thirty years have passed since the enactment of the first child labor law, the attempt to regulate street trading by children, is comparatively recent, as the passage of the first law specifically relating to newspaper selling, by the New York legislature, in 1903, indicates.

In view of the conditions surrounding newsboy life in our larger cities, uncovered during recent years, it is surprising that social workers, particularly, have been so tardy in recognizing the need of seeking protection for the street trader. Among those with first-hand knowledge of conditions, many claim that the evil effect upon young boys of street trading, is more serious by far than the effect of factory or mercantile occupations. In spite of this situation, only three states in the country—New York, Massachusetts and Wisconsin—and but a few scattering cities, including Washington, D. C., Cincinnati and Newark, have provided regulation.

The main objection to street trading for young boys is the almost certain impairment of morals, if this work is continued regularly for any length of time. This has been proved repeatedly by investigations conducted in New York City, Philadelphia, Cincinnati, Buffalo and a number of other places. In support of this also, comes the strongest kind of testimony against such work for young boys, from superintendents of reform schools, juvenile court judges, and many others who come into close contact with newsboys. In attempting to secure legislation on this subject, the main

emphasis, therefore, should be placed on the moral issue. The effect upon the health, and the interference with schooling and play time of the adolescent child, are important reasons for regulating newspaper selling, but these alone would be insufficient to convince the average legislator that there is any harm in the free and easy outdoor life of the newsboy.

It is interesting to note that the 1910 English Royal Commission Report on the Poor Laws, discussing street trading, recommends that all such work be forbidden for boys until the age of seventeen and for girls until the age of eighteen years. Commenting on this radical recommendation—radical as compared with most newsboy laws in this country, which permit street trading for boys from ten years of age and upwards—the *London Economist* says: "We may well doubt whether any remedy can be too drastic for so great an evil as long as it be effectual. . . . Here are some 40,000 children who are being allowed to endanger their whole prospect of becoming decent citizens in order to earn prematurely a few pence which are, for the most part, ill spent. The work they do is not particularly useful, and might be done almost as well by adults or by the newspaper shops. Do not economy and efficiency, as well as humanity require that boys and girls who ought to be learning useful trades should be saved from such risk, to become better citizens and better wage earners?"

To those interested in securing for the first time some regulation of street trading, the question at once arises, whether to seek legislation to abolish entirely all such work for boys up to the age of sixteen (or perhaps fourteen), or whether to urge the adoption of such regulation as will permit newspaper selling by boys, say, twelve years of age and upwards, provided permits are granted to such boys for this work. The objectionable features of the work are so many that one feels that the entire elimination of it for boys under sixteen is the only ultimate end to be desired. As all advanced child labor legislation, however, has been the result of a process of enactments, year by year raising the standard, expediency may, in this matter, require that we be satisfied with perhaps a twelve-year-old minimum as a starting point.

A standard street trading law should, therefore, prohibit such work for boys under twelve years of age. If this prohibition could be made to affect all under fourteen, such a provision would be

distinctly superior. All street work—peddling, polishing shoes, etc.—should be included, unless already effectively covered by existing laws. Experience has shown that most legitimate street selling is over by eight o'clock in the evening. An 8 p. m. closing hour would, therefore, be desirable. Presenting proof of age as a prerequisite for obtaining a license for street trading is also strongly urged. As the parent or, as is frequently the case, the adult who distributes the newspapers, is the person responsible for the boy's engaging in this business, it would seem that punishment for a violation of the law should be imposed upon either of these rather than to fine the boy himself. This may be brought about through statutes holding adults responsible for the delinquency of juveniles. It is of the greatest importance that adequate enforcement be provided, otherwise it will soon become a dead letter. Local conditions will probably govern the selection of the law enforcing agency, but in most localities it will be found that a squad of truant officers, specially detailed for the purpose, is best adapted to this work.

When such cities as Paris and Berlin do entirely without newsboys—corner stands taking their places—it would seem that the least that can be done in American cities is to adopt some adequate system of regulation. In this connection, the opportunity presented in newspaper selling to give work to the aged and handicapped—who otherwise would have to be supported by private charity—should not be overlooked.

III.—THE NIGHT MESSENGER BOY

BY EDWARD N. CLOPPER,
Ohio Valley Secretary, National Child Labor Committee.

There is one occupation usually classed among the street trades, which for certain hours of employment needs not so much regulation, but prohibition, so far as minors are concerned. I refer to the messenger service during the hours of the night.

The National Child Labor Committee has made a special inquiry into the conditions surrounding the night messengers, in a large number of our cities during the past two years. While we were aware that these conditions were bad, we were not prepared for the really revolting facts our inquiry revealed. In the daytime the messenger boy's work consists of the unobjectionable task of delivering telegrams about the city, but after nine o'clock at night the character of his duties undergoes a radical change; from that time on until two or three o'clock in the morning his work is almost exclusively the running of errands in connection with the three great evils of gambling, drink and prostitution. Calls come to the messenger offices over the telephone from hotels, drug stores and saloons, asking that messenger boys be sent at once to where the patrons await them. No inquiries are made by the office as to the character of the work to be done nor the destination of the boy. The patron is free to use the boy as he sees fit and to retain his services for as long a period as is desired, paying the boy at a fixed rate per hour, or for the errand if it requires but a short time. Prostitutes call in messenger boys to perform for them a surprising variety of services. The boys get them chop-suey, chili-con-carne, liquor, tobacco, opium, medicines and articles used in their trade, deposit their money in the bank and one instance was found in which a boy was actually required by a prostitute to clean up her room and make her bed. In responding to a call the messenger not only enters the house of prostitution, but usually goes into upstairs rooms where the inmates tell him of the work they wish to have done, and so these boys are drawn into close association with the denizens of the underworld.

The great objection to the employment of boys in the night messenger service is that it not merely gives them the opportunity to become acquainted with the evil side of city life after dark, but, by the very nature of the work, it actually *thrusts* them into contact with these vicious elements of society. Just the other day in Louisville where we were arguing before the City Council in favor of a pending ordinance providing for a higher age limit in the night messenger service, the opponents of the measure, who represented the telegraph companies, declared that they did not approve of sending boys to evil resorts, that they never allowed them to go to such places and that they employed them after dark only in legitimate kinds of work. But the results of our investigations in Louisville and other cities show that the night messenger service exists very largely on account of the patronage of prostitutes and other disreputable characters. The companies cannot control the boys after they leave the office unless detectives are sent along with them, because they do not always know where the boys are to go; they cannot be sure of the nature of the errand as it would be foolish always to rely upon the statement made by patrons over the telephone when calling for messengers, even if the office demanded to know for what purpose the boy was wanted.

So these boys in every city are nightly moving in an atmosphere of utter degradation and witnessing scenes, the description of which would fill one with horror. We have noted among the boys who have been in this work for a considerable period a moral degeneracy which is appalling. Many of them suffer from severe forms of venereal disease and their whole moral nature has been deadened. To protect boys from the evil consequences attending their employment in the night messenger service, we declare that if such work is to be done at all it should be done by men and *not* by boys. New York State has declared that no boy under twenty-one years shall work as a night messenger in any city of the first or second class, and Ohio has fixed the age limit for this work at eighteen years.

IV.—STREET TRADES AND REFORMATORIES

BY RICHARD K. CONANT,
Secretary, Massachusetts Child Labor Committee.

A little while ago, at a hearing in Massachusetts on the night messenger bill, the manager of one of the companies said that he had been connected with the messenger service thirty-seven years, and had never seen any of the horrible conditions which our evidence absolutely proved, and, furthermore, that in his opinion there was very little difference between the conditions in the night messenger service and conditions in a high school. There is, however, considerable difference, and it is just these conditions that lead street traders in the night messenger service and in the other forms of street trading into reformatories.

What is the meaning of the amazing statistics which we gather from reformatories? Out of 336 boys, for instance, in the Lyman School, 110 were former peddlers on the street; 160 had been newsboys; 72 had been bootblacks, and 56 had been messengers.

In the Parental School, another Massachusetts reformatory, out of 112 boys, 89 had been newsboys, 52 peddlers, 22 bootblacks, and 9 messengers; a number in total larger than the number of the boys in the reformatory, because some of the boys had engaged in more than one of the occupations.

Is it the actual work? Does work lead to the reformatory? It cannot be that. Every true advocate of child labor reform praises good, honest, hard, tiring work as roundly as he denounces the toil of those nine-year-old children who climb up on their dangerous playthings in the cotton factories.

No, it is not the hard, tiring work of the children that any child labor reformer can contend against. It is the conditions under which the work is done, which accompany the work, giving chance for mischievous boyish tendencies to sprout into vicious tendencies.

In the night messenger service the boys feel themselves above the law. That is probably the service in which the most independence has been cultivated. A little messenger boy walking along the

street, about twelve o'clock at night, was telling us of his visits to houses of ill fame, and kitchen bar-rooms. We asked him if he was not afraid of the police. He pulled his cap off and showed us his badge, saying: "De cops can't touch us when we got dis badge on." And so it is the independence which gives them a chance in the moments when they are not actively at work to cultivate the vicious tendencies which lead to the reformatory.

This independence is peculiar to the street trades. The mills do not directly send people to the reformatories. They repress the children, repress all the mischief, or tire it out so that there is not much chance in the idle moments, while the child is working eleven hours a day in the mill, for him to get on the path to the reformatory. Indirectly, however, in Massachusetts at least, we find that the mills do lead to the reformatory by ruining many boys at an early age, making doffers of them when they have no education, no industrial training. Without ability to progress to more skillful work in the mill, boys are thrown upon the streets at sixteen or seventeen when they become too old to doff. In the city of Lawrence, large numbers of these boys are thrown upon the streets and become part of the street gang.

It is not the work of selling the newspaper or of carrying the telegram that does the harm. Many boys—probably the larger number—in the newspaper service at any rate, are benefited by the actual work. A boy whom I met recently is one of the justices of the Newsboys' Court in Boston, just established. The judges are the newsboys themselves. They act under the direction of the Juvenile Court and sentence the boys themselves: self-government. And this bright, fifteen-year-old boy, has been cared for in good home surroundings and the hard work has benefited him. He is a keen, intelligent lad. He is doing all he can to keep the younger boys and his friends from going into the night messenger service, and to get them work under good conditions. His one ambition is to be a forester, and to get away from the city.

And so it seems to me that the point of attack is not to stop the work, but to regulate it, to put it under good conditions; and where good conditions cannot be had, as in the late hours of the night messenger service or the late work of street trading, then, as the final resort, prohibit the work.

There is another phase of the question of street trades and

reformatories—the question whether the reformatory is the proper cure or remedy for the wayward street trader. Of course, in the most depraved cases in the night messenger service, the boy must land in the reformatory or in jail, thanks to the sad condition of society which has allowed these evils to go on. But for the minor offences, for violation of the license regulations, failing to wear the badge displayed, and all those things, it would be foolish to send the minor offender into the reformatory with the older and more depraved offender. In this connection, the Newsboys' Court that has been established in Boston offers a most admirable suggestion. One of the justices is a lawyer who has always taken a great interest in children. The other two are newsboys. They manage their court in a rather informal manner; but they judge each case fairly after hearing the arguments. They take time to consider the merits of the boy's case, and understand better than do a great many judges the difficulties with which the boy has had to contend, and can suggest the proper punishment.

I hope that more and more street traders will be corrected in their early careers by the light fines, and the publicity among newsboys which is given by this court, and that more and more they will be kept from the reformatories so that they may be saved from contact with the more depraved offenders.

V.—STREET TRADES

BY MRS. FLORENCE KELLEY.

In the absence of Mr. George Hall, secretary of the New York State Child Labor Committee, who was to have spoken on our newsboys in New York, I should like, having been a member of that committee since its foundation, to say, that I think that we are facing in New York towards prohibition of the employment of young children on the streets.

We have had for many years a well enforced prohibition of the employment of girls under the age of sixteen years. I have lived among the poorest of the poor in New York for twelve years, and have been a great deal about in the streets in which girls would naturally be found selling, if they were selling anywhere. I have found only six different girls engaged in selling anything on the streets of New York.

If the law against street selling and peddling by girls to the age of sixteen years can be thus effectively enforced in a city in which the depths of poverty among the immigrants are so frightful as they are in New York, there is no reason for assuming that it is impossible to prohibit efficiently street selling by boys.

What we have to undo is a long, slow, wrong education of public opinion. Many years ago a philanthropist accepted the street boy as inevitable. He built up an endowed corporation for the purpose of dealing forever with the street boy as a permanent factor in the life of the city. Public opinion has been so influenced by that action that virtually every person, even including some members of our own Child Labor Committee, believes it good to have lodging houses for boys who may have perfectly able-bodied and well intentioned fathers and mothers within six blocks of the lodging houses; that these children should be provided for by subscriptions; and that the lodging houses should be exempt from taxation as a necessary, integral part of the philanthropy of the city.

We even have, from time to time, spectacular theatrical outings for newsboys. Some newspaper provides that a thousand news-

boys shall have a Christmas dinner in public at its expense, although every one of those newsboys may have a father and mother who prefer that he should eat Christmas dinner at home.

New York City has not unlearned this wrong lesson. It assumes that the newsboy is a detached unit to be encouraged as a future merchant, to be punished irrespective of his family when he falls into crime, as he does at an appalling rate. Many thousand children live in institutions at the expense of the city of New York. A large part of the boys are there because of their experiences in leading this detached and irresponsible life. Nothing could be more perverse than the city's whole treatment of these detached children.

About seven years ago, the State Child Labor Committee investigated the actual life of the street children, and found that, in spite of the newsboys' lodging houses, there was a permanent population, summer and winter, of boys from eight years old up sleeping in streets, in hallways, over all sorts of places where in winter they could get a little heat from basements and cellars below, on stairs of the elevated railroads. In every sort of place where no child ought to be spending the night, these boys were found, having peddled papers until eleven o'clock or midnight.

They were afflicted with disease due to their detachment from their homes and to their acquaintance with evil. It was of course hopeless, where a community took so perverse a view as our community has been educated to take, to get at once a prohibition of the street work of the boys. We did try to get a thorough-going official enumeration of them, so as to learn at least how many there were and where.

We then got a state law applying to Buffalo, Rochester and New York, under which a boy ten to fourteen years old may sell papers if he gets a badge. Under a ruling of the Department of Education, no boy can get this badge unless his father or mother goes with him to the Department of Education and signs a statement that this is granted at the desire of the parent.

We have found the officials under our Department of Education as perverse as the rest of us. Parents are not required to go with the boys. They do not go. We are making now an investigation which has already shown that of the boys investigated, three-fourths have been given their badges by subordinates of the Department of Education, contrary to the ruling of the department, without any approval by the parents.

We have not succeeded in diminishing conspicuously the number of newsboys employed in the streets. Every year some thousands of boys are given badges to sell papers, who then break the law. For years we could get neither police nor truant officers to enforce even the meagre provision that boys under ten years old should not sell at all, and those under fourteen should not sell after ten o'clock at night.

The Department of Education has now appointed, for a city of five million people, eight truant officers, to look after the newsboys. Of course, they are not properly looked after. There are boys eight or nine years old selling papers at the doors of the theatres late at night. But the public is a little interested now in the cost of keeping several thousand children in city institutions, which really are free boarding houses; and in the causes of this army of children under lock and key. The street trades (including messenger service) are slowly taking the position in the minds of the philanthropists and educators which, ultimately, I am convinced they will take in the minds of all the people, as the worst employments in which children are to be found in the northern states. I believe and hope that no other city has undergone so wrong and perverse an education as New York. I do not believe that the newsboy has ever been made a hero to the same extent that he has there; and therefore, I think that we have a more difficult task there in re-educating public opinion than exists anywhere else.

There is one more point to which I wish to call attention. In every city there is a growing body of convalescent tuberculosis patients who have been treated in sanatoria and dismissed with their disease arrested. To most of them an out-of-doors occupation is most desirable; it is a matter of life and death for them to go back to work indoors. Whenever we copy the reasonable ways of the Japanese, and reserve this out-of-door occupation of newspaper selling for convalescent men, as they reserve massage for the blind, and license men, while putting the boys where they belong (under the control of their fathers and mothers), banishing them from this occupation so injurious to them, we shall kill two birds with one stone. We shall enable a large and pitiable body of our fellow men to make a living in a way good for them, and we shall save a great number of boys from becoming victims of the disease which has ruined the lives of these men.

HISTORY OF CHILD LABOR REFORM IN ALABAMA

BY DR. B. J. BALDWIN,
Chairman, Alabama Child Labor Committee,
Montgomery, Ala.

Alabama began agitation against the child labor system in 1886. On page ninety of the Acts of the Legislature 1886-7, will be found the law passed in this state against the employment of children and women in factories and manufacturing establishments, except as therein provided. The act was crude and carried no provisions for enforcement. It showed, however, that the public mind of the state had been aroused to the necessity of protecting those in need of protection. The act of 1886 remained on the statute books until the session of the legislature in 1894-5, when it was repealed through the efforts of a lobby sent to Montgomery by the cotton mills, headed by a superintendent of one of the New England mills which had lately been established in this state.¹

There was no more child labor legislation until 1903, when, mainly through the earnest and zealous work of Edgar Gardner Murphy, the second child labor law for Alabama was enacted. The law of 1903 was by no means satisfactory to those who had been contending for an effective child labor law. The provisions of this law made the age limit twelve years, but orphans and children of dependent families were exempt.

No child under ten years of age was permitted to work under any circumstances. No child under thirteen years of age could be employed at night work, and none under twelve was allowed to work more than sixty-six hours per week.

In 1907 a more acceptable law was enacted. The age limit was placed at twelve, without exception, and night work was per-

¹ It is only fair to state that some years afterward, when the question of the re-enactment of child labor laws for Alabama again came before the legislature, a stockholder of this New England Cotton Mill came to Alabama to ascertain facts concerning the action of the above mentioned superintendent. As a result of this investigation, an effective, written protest was sent by that stockholder to the directors and stockholders of the above mentioned mill, in which strong objection was urged to the superintendent lobbying against the passage of the child labor law.

mitted only by children of sixteen years of age and over. Provision was also made for inspection, the state inspector of prisons and almshouses being empowered to inspect cotton mills and factories.

There was general disappointment over the practical failure of the inspection feature of the law of 1907. Dr. Bragg, the first inspector appointed under the new law, was taken ill soon after his appointment and died after an illness of many months. Dr. Bush, the second appointee, had occupied the position but a short while when he, too, after a lingering illness, was fatally stricken. The present inspector has been in office but a short while, but I believe he is thoroughly impressed with the importance of strict enforcement of the law and that he will do his duty in this regard.

Governor O'Neal has recommended in a message to the legislature raising the age limit of children working in cotton mills in Alabama to fourteen years. He has also pointed out a defect in our present law which has greatly weakened the statute, namely, the provision that the employer must "knowingly violate" the law before any punishment can be imposed for its violation. It will be seen at a glance that this clause affords the official of the mill, who may be employed to hire labor, an ample cloak in case he desires to shield himself from infractions of the law. Amendments to the 1907 Child Labor Act have been introduced in the present House of Representatives to conform to Governor O'Neal's recommendations, and the inspector of prisons and almshouses and cotton mills has been provided with two assistants. The mills are again actively at work to defeat the amendments which have been offered in the House of Representatives. The main lobbyist for the mills is going about making the absurd statement that raising the age limit from twelve to fourteen years will put every mill in Alabama in the hands of a receiver. This is indeed a most remarkable statement.

I think it is appropriate, in giving a history of child labor reform in Alabama, to refer to the part Alabama has taken in the organization of the National Child Labor Committee. The movement for the organization of a National Child Labor Committee was begun in Montgomery, Ala. Edgar Gardner Murphy, at that time rector of St. John's Episcopal Church, Montgomery, was the first to make suggestions as to the need for a National organization. In a pamphlet of February, 1904, in which he suggests the

organization of a National Child Labor Committee, Mr. Murphy says: "This general movement representing the common interest of earnest human forces, separately organized and laboring toward a common aim, yet without the advantages of a common understanding, has seemed to disclose the need for the existence of a national committee."

The pamphlet was signed by Felix Adler, Jane Addams, Stanley McCormick, John W. Wood, Wm. H. Baldwin, Jr., V. Everit Macy, Lillian D. Wald, Florence Kelley, Edgar Gardner Murphy.

I have in my possession a copy of a letter written by Dr. Felix Adler in which he refers to Mr. Murphy as the "father and founder" of the National Child Labor Committee. While we have not moved along as well in Alabama as we have wished, yet it is gratifying to know that Alabama was among the first of the Southern States to pass a child labor law, and that Montgomery is the birthplace of the National Child Labor Committee.

CHILD LABOR LEGISLATION IN THE CAROLINAS

BY JOHN PORTER HOLLIS,
Special Agent, National Child Labor Committee.

South Carolina

Prior to the legislative session of January-February, 1911, there were child labor laws in South Carolina providing for a sixty-hour week, factory inspection and a twelve-year age limit. But the twelve-year limit did not apply to orphans, or to the children of widowed mothers or totally disabled fathers. The law also permitted anybody's children under twelve to work during the summer months, provided they had attended school during the winter.

The South Carolina Child Labor Committee, at a meeting in November, 1910, decided to ask the legislature to pass a bill repealing the poverty exemptions, prohibiting work at night of children under sixteen, and gradually raising the age limit for day work to fourteen years. This legislative program was published and at once aroused the opposition of the manufacturers. At the next meeting of the committee in December, representative manufacturers were present and announced that they would not oppose elimination of all children under twelve, and abolition of night work for children under sixteen, but that they would fight any effort to advance the age limit above twelve years, unless compulsory education were coupled with the advance. They contended that if children up to fourteen years were neither in the mills nor in the schools, they would develop into a dangerous class of loafers and budding criminals. The committee either took fright at the attitude of the manufacturers or decided that it would be better to make as sure as possible of at least some improvement, and reconsidered its former action to the extent of striking out the most important feature of the proposed bill—that is, the raising of the age limit.

The mutilated bill was introduced early in the session in both

Senate and House and passed the Senate without difficulty. But it barely escaped defeat in the House, and doubtless would have failed to pass but for an earnest personal canvass of practically every legislator. The opposition in the House was composed of several elements: (1) certain owners of cotton mill stock, (2) politicians representing certain counties containing large numbers of factory voters, (3) legislators seeking political favors at the hands of other legislators, (4) sincere men who feared that the inflexible operation of the law would cause suffering to many worthy but unfortunate families. But despite the stubborn fighting of its opponents, the bill became a law, and it was encouraging to see that the friends of the bill were as strong in its favor as were its enemies in opposition.

The fight in the House made it clear that the chief difficulty in the way of all child labor legislation in South Carolina is the supposedly unfriendly attitude of the mill operatives. "Let us alone," is the constantly quoted answer to all appeals for improvement. Apparently there is a very large element of men in the factory villages who work very little, but who talk a great deal and vote in every primary. This seems to be the man, rather than the mill president, of whom the legislator is chiefly afraid. And presumably he desires to be let alone in order that he may live in idleness while his helpless children toil.

South Carolina's law now prohibits night work for children under sixteen, provides factory inspection, a sixty-hour week, and an absolute twelve-year age limit for day work. Naturally, the next step is to raise the age limit to fourteen years. And this will be no easy thing to do, as the combined opposition of both manufacturers and operatives may be expected. It is probably useless to hope for a change of heart on the part of the manufacturers, and I am convinced that about the only way to win over the operatives is by demonstrating to them that the competition of cheap child labor has the tendency to drag their own wages down. It is not fair to say that there are no parents among the operatives who are ambitious for their children and who oppose their exploitation; but even these are timid and fear to assert their wishes lest they may call down upon themselves the wrath of the mill owners. A cotton mill organization in South Carolina is a feudal system, wherein the operative is a vassal, one of whose feudal obligations is to do homage

to his lord, the mill president, for the privilege of grinding in his lord's mill and living in his lord's tenant house.

North Carolina

Aside from a thirteen-year age limit, North Carolina had, prior to 1911, practically no laws for the protection of her working children. The state child labor committee, as its legislative program for this year, proposed a bill providing for an advance of the age limit to fourteen years, for factory inspection, for a reduction from sixty-six hours a week to sixty, and prohibiting all children under sixteen from working at night. In the House the bill was referred to the committee on manufactures and labor, which committee was made up chiefly of cotton mill presidents, stockholders and others more or less identified with the mill interests. At the committee hearing the mill presidents of the state were on hand in unusually large numbers and fought the bill with great determination and considerable bitterness. The bill was reported out of committee unfavorably and likewise defeated when it came up for consideration in the House, notwithstanding it was ably defended on the floor.

In addition to the above bill advocated by the North Carolina Child Labor Committee, a separate bill providing simply for the reduction of hours to sixty per week had been introduced, and after the failure of the regular bill, the friends of the cause gave their help to further its passage. Also, they had a bill introduced to prohibit the night work of children under sixteen. The latter failed to pass, but the sixty-hour week bill has just passed both House and Senate and was approved by the governor. This represents the only forward step made in North Carolina at the legislative session of 1911.

The results of the fight this year seem to warrant the belief that in general the manufacturers of North Carolina strongly disfavor any degree of restriction for working children. Moreover they exert a very powerful influence on legislation. What has been done in other states is of small concern to them.

Besides, the factory owners represented that this was the worst possible time to restrict child labor, that the mills were all on the brink of failure, that tampering with the labor question might

close the mills, that it might be well enough to protect children, but that children had stomachs and must work in order to eat, and there would be no work for either parents or children when the mills had to shut down. It was this sort of argument which probably had most to do with defeating the regular bill. It was also represented that many North Carolina mills were very small and had to spin at night in order to provide for the looms by day.

CHILD LABOR IN GULF COAST CANNERIES: PHOTO- GRAPHIC INVESTIGATION MADE FEBRUARY, 1911

BY LEWIS W. HINE,
Staff Photographer, National Child Labor Committee.

A line of canning factories stretches along the Gulf Coast from Florida to Louisiana. After many weeks spent in those canneries, I am convinced that, individually and as a "great and glorious people," we ought to be ashamed of ourselves. I have witnessed many varieties of child labor horrors from Maine to Texas, but the climax, the logical conclusion of the "laissez faire" policy regarding the exploitation of children is to be seen among the oyster-shuckers and shrimp-pickers of that locality.

Perhaps, in perfect fairness to all concerned, I should add that there are a few of these canneries that employ no children; but that's because *they are not in operation*.

By actual count of children at work, I found 125 boys and girls whom I judged to be from *three* to *eleven* years of age; and at least half of the canneries were working either a small crew or none at all on the days I visited them. This count I checked up constantly by means of ages given me by some of the children and their parents. From statements of age made by them, I have record of thirteen children *three* to *five* years old; twenty-five, *six* to *eight* years old; and fifteen, from *nine* to *eleven*; a total of fifty-three from three to eleven who told me their ages, and as I was getting photographs at the same time, too much questioning was hazardous.

We know that a child of three, or four, or five cannot do much consecutive work that has so little variety in it, but one is amazed and horrified to see how many minutes and hours of actual work these little tots do put in. The mother of three-year-old Alma told me proudly: "Yes, I'm learnin' her de trade." Grace and Maud, sisters, three and five years old, both help in the shucking, and they said the little one was "the fastest."

It is not at all rare to see four- and five-year-olds struggling

with the rough heavy shells and in the course of the day earning about five cents. The boss, pointing to one of these said: "Next year she'll work as steady as the rest." After they had gone home, I tried to get a photograph of Olga, a tiny five-year-old, who stubbornly refused to be taken. Her mother said, "she's ugly," but it seemed a case of physical weariness, as they had begun work rather early and she had been helping or hanging around her mother all day.

The earnings of the very little ones are not usually over five cents a day, but, as one can easily see, they are not only being kept out of mischief but are getting their early training. Bill, a bright little lad of five, said he made fifteen cents a day, and his mother added: "He kin when he wants to work, but he won't keep at it." Several of seven and eight years, earn from ten cents to "two bits." One eleven-year-old girl earns a dollar a day when shrimp are big; and one boy of twelve, who has been working for four years, made \$57.00 in three months last year. A fisherman told me that last year, on good days, his seven-year-old girl and nine-year-old boy each made 90 cents a day; and an eleven-year-old girl as much as \$1.25 a day.

Now, when you consider that in the glorious economy of things, under a kind of industrial scientific management, these children put in the winter months here, and the summer up in New Jersey, Delaware and Maryland, picking berries and making the most of other opportunities to work, you will find that few of the fifty-two weeks are wasted. The question of education has not entered into this whole proposition to any appreciable extent.

Then what do you suppose these little ones do for recreation? Of course if they can keep at work all day, they do; but if they cannot, *they tend the baby*. The pathos of the baby-tender, in such a situation, is unsurpassed. You see little ones, from four years upward, working until physical strain and monotony become unendurable, and then, for relief, go over into the corner and rock the baby or tote it around until they feel like working again. Mary, an active little child of eight, told me: "I shucks six pots a day when I don't got the baby wid me, an' two pots if I got him."

I wish I could take you into one of these long, dingy shuck-ing-sheds at *three o'clock* some cold, damp morning. You would

find several hundred women and children (perhaps one or more, out of five, being under twelve years of age) lined up on both sides of the low cars of oysters which have just been steamed so they may be more easily opened.

The shucking is a simple process, deadening in its monotonous simplicity, and as the bodies of the workers sway back and forth with rhythm, concentrated on the job, one is reminded forcibly of sweatshop scenes in large cities. The hard jagged oyster-shells which they handle and upon which they stand, do not minister to physical comfort. From three or four in the morning, they work (on busy days) until about four in the afternoon, and sometimes they have a short lunch period at noon. In many factories they snatch their bite of lunch as best they can while the work goes on and the others are getting ahead of them.

I could not ascertain, but it can easily be imagined, what kind of breakfast these people and the children start the day upon, at such an early hour, which varies often from day to day as the catch fluctuates. Some of the children work from three or four o'clock until school time and also on Saturdays.

The irregularity of work is much greater in the packing of shrimp as the catch is so easily delayed by adverse weather conditions. The workers do not begin quite so early in the morning, and one manager told me that because the acid in the shrimp affects the fingers of the pickers, it is not possible for the best of them to work much over six hours. It is a common sight to find the children with swollen and bleeding fingers, but still keeping bravely at it. In the evening they harden the fingers in a solution of alum to get ready for the next day.

In one of the Louisiana factories, I saw a sign, conspicuously posted, bearing the legend: "Children Under Fourteen Years not Permitted to Work in This Factory," and I asked the manager what it meant. "Oh," he said, "that's the law, but if the factory inspector herself should come down here, I'd tell her, 'You put 'em out,' and see what she'd do about it." In the shucking-room, the boss said: "Why it'd take a sheriff all his time to keep the kids kids from workin'."

To one who has ever taught school, it is a constant surprise to find how long these youngsters keep at such kinds of monotonous

work. In school, it requires a sheriff to keep them at work after the interest has begun to lag, and that period of interest in work is very short in the case of children under eight or ten. The teacher, in desperation, is often compelled to resort to all kinds of devices,—marks, stars, honor lists, and sometimes main strength and awkwardness. Consciously or unconsciously, the parents of these little workers have also resorted to many devices. In the first place, the child is born into, and afterward enveloped by an atmosphere of industry. The “mob-spirit” carries him along. One boss told me that unless the shrimp-pickers began working at a very early age, they never attained real proficiency. A mother said her small boy went to school when he didn’t work.

Another factor that helps keep the child at work so steadily is that of imitation. The surest way the boy can show his manly qualities seems to be by becoming a wage-earner, and it is to this that many parents appeal. One told me (of course in the hearing of the child of seven), “She can beat me shuckin’; and she’s good at housework too—but I mustn’t praise her too much.”

Then there is the element of competition. One child reaches a certain speed (which fact is freely circulated), and other children try long and hard to beat it. Often have I heard down there, as I heard it in the cotton-mill districts: “She can do more work than her older sister.”

Many a child is controlled by the mere blind obedience to parental authority, modified and accentuated as it so often is by fear of punishment or ridicule. Think of a mother urging on her five-year-old boy by saying: “He’s lazy; could earn fifteen cents a day if he’d only work.”

Most of the children I have questioned say they would rather work than go to school. Recently I was laying some evidence of this nature before a superintendent of schools, a man who seemed fairly progressive, when he turned on me with the query: “Are they happy?” and I admitted that many of them seemed to be. “Are they healthy?” he continued; and I acknowledged that in spite of all the difficulties and irregularities in their lives, they seemed to be rather healthy. “Well,” he commented, “what are you worrying about then?” So many times have social workers told me that photographs of healthy, happy children do not make effective appeals in our child labor work, that I am sometimes inclined to

think that we must mutilate these infants in industry before the shame of it can be driven home. The horror of placing an industrial mortgage upon the back of a perfectly good child does not seem to be obvious.

We are willing to admit that the difficulties surrounding the owners of these factories are many and great. The help is fluctuating, seasonal, difficult to please, and it is so essential. Moreover many families cannot be persuaded to go South for the winter unless the children are permitted to work. The whole situation is analogous to that of our famous servant problem in the home. Nevertheless, the owners are already alive to the fact that public opinion is not on their side; at times it was very difficult for me to get photographs for this reason. When the owners attack the difficulties of this problem with the same keenness with which they have gone into the questions of improved machinery and housing conditions, and when they unite upon the stand they must take (for it is unfair to give any of their competitors the chance to employ younger children than they can), then will the improvement be attained. They cannot afford to blink the truth, nor can we afford to let them. For that reason, I think the forces that will educate them to the necessity for this stand, will be those of radical and efficient legislation and inspection, demanded by vigorous public opinion.

THE GLASS INDUSTRY AND CHILD LABOR LEGISLATION

BY CHARLES L. CHUTE.

For many generations the glass-making industry has been a large employer of child labor. Ever since the employment of vast numbers of children as wage-earners in this country began to assume its true proportions as a most serious industrial problem, the attention of those enlisted in the campaign against injurious child labor has been frequently turned toward the glass-manufacturing industry. Not only are young boys used here in large numbers, but in the continuous work of the glass factory are still employed a great deal at night. Moreover, opposition on the part of glass manufacturers has accompanied every attempt to secure adequate child labor legislation in the glass-making states. The manufacturers have denied the necessity for such laws and opposed them openly in legislation halls. To-day there are those who contend that the laws which have been enacted to cure the evils existing within the walls of their own plants have not been successful and have wrought more harm than good.

The National Child Labor Committee, ever since it began its work in 1904, has been studying child labor in the glass industry. Following up this work a more comprehensive study of the industry was begun in the fall of 1910. The writer, pursuing graduate work at the time in Ohio State University, was engaged in the work. The investigation extended over six months. In all ninety-nine active plants, manufacturing all kinds of pressed and blown glassware, located in five of the principal glass-manufacturing states, were visited. Plants manufacturing window and other building glass were not included, as they form a separate industry employing few children. In Ohio and Illinois, where every plant in operation was visited, an especial effort was made to learn the effect of the excellent child labor laws of these two states upon the industry, the children concerned, and the community; opinions and statements from the glass manufacturers being especially sought. In Indiana, Penn-

sylvania, and West Virginia the need for similar legislation as shown in the glass-factory towns was studied. From the work done in these different states we are able to compare conditions existing under a most primitive and backward law, as that of West Virginia, with those brought about by some of the most progressive child labor laws in the Union.

What were the laws in force in these states at the time of the investigation? Briefly, Ohio and Illinois prohibited the employment of children under sixteen at night and forbade their employment over eight hours a day. In Ohio, these limitations extended to girls under eighteen. In neither Indiana, Pennsylvania nor West Virginia was there prohibition of night work above fourteen except for girls in Pennsylvania, and no limitation of hours except to ten per day. All the states except West Virginia forbade employment of children in factories under the age of fourteen. That state had practically no effective child labor law at the time of the investigation. Three of the states, Ohio, Illinois and Pennsylvania, required employment certificates carrying with them proof of age and some educational requirements for children employed under sixteen. Indiana required only a parent's affidavit of age.

The number of child workers found employed in the plants visited is of first concern. The table following gives the number and per cent of children under sixteen found regularly employed in all the plants at the time they were visited.

NUMBER AND PER CENT OF CHILDREN UNDER SIXTEEN AND TOTAL EMPLOYEES
IN THE ESTABLISHMENTS INVESTIGATED

State	Number of glass plants visited	Total employees	Under 16 years			
			Boys	Girls	Total	Per cent
Illinois	11	5,520	209	0	209	3.8
Ohio	28	10,065	470	6	476	4.7
Indiana	31	10,280	646	46	692	6.7
West Virginia . .	14	4,245	364	18	382	9.0
Pennsylvania . .	15	2,198	284	2	286	13.0
Total	99	32,308	1,973	72	2,045	6.3

This table is given because of the significant comparison which may be made between the states. Those states having the lowest

percentage of child workers are Illinois and Ohio, the two states having most advanced and effective child labor laws. In Illinois these laws were found to be better enforced than in Ohio. The recent United States Government report on the glass industry also shows a large balance in favor of Ohio and Illinois in the proportion of children in the industry. We are forced to the conclusion that the advanced child labor laws in these two states have been a large factor in reducing child labor in the industry, a conclusion supported by opinions and testimony from very many of the best informed in those states.

We are considering Ohio and Illinois together, as their laws are similar and conditions as relating to the glass industry were found very much alike. When due allowance is made for the difficulty of strict enforcement it is found that the child labor laws in both Ohio and Illinois are being enforced fairly well. They have also been in effect long enough to show clear results. What are these results?

At all plants employers were questioned as to the effect of the child labor laws on the number of children employed. All but four of the thirty-nine plants in the two states reported a smaller number (in most cases much smaller) now than at the time the law was first enacted or at the starting of their plants, and this in spite of the fact that eighteen plants reported a decided increase in the total number of their employees. Seven plants which used many boys under sixteen in 1902 or 1903 have to-day eliminated them entirely, and two others, more recently established, use none. In these plants the mode of adjustment to the law forbidding night employment and requiring an eight-hour day has been the entire elimination of children under sixteen.

Inquiring into the effect of these laws upon the other thirty plants we find that twelve plants were violating the law and employing boys under sixteen on the night shift, but in most cases were using fewer such boys by night than by day. The remaining eighteen had adjusted themselves to the night law by employing the younger boys in the daytime only. Formerly, practically all employed in the glass house,—both boys and men,—had alternated, working one week by day and the following week by night. Now most of these plants are employing older boys and men continuously by night to take the places of the younger boys working continuously by day.

Wherever the children's eight-hour law was found to be enforced, the tendency also was toward the elimination of the younger workers. In Illinois this law was found well enforced; in Ohio, where it has not been in effect as long, enforcement was irregular, depending largely on the efficiency of district factory inspectors. However, many of the plants employing children were complying with the law, and as a consequence were sending the child workers home from half an hour to two hours sooner than the adult workers. There was much complaint of this requirement, but evidently the disadvantage is offset by the lower wages the young workers receive.

In opposition to their child labor laws many arguments were advanced by the glass manufacturers interviewed in the two states. Only three need be considered. The claim was made, (1) that the laws have crippled the industry; (2) that they have been a hardship to poor families; (3) that they have prevented boys from learning the trade.

Perhaps these objections should have been put in the future tense, as they have always been more vehemently advanced as predictions, and so are being put forth to-day. Few manufacturers in Ohio and Illinois were found who claimed that such dire results as were freely predicted when the laws were enacted, had, to any great extent, followed the enforcement of those laws and fewer still gave facts to support such a claim.

The investigation disclosed the following facts: Not a single glass plant has left either state or has failed because of these laws. Careful inquiry was made to ascertain this fact. On the other hand eight plants have moved into Ohio or Illinois from unrestricted states (Indiana or West Virginia) since the laws prohibiting night employment of children were passed, and seven other new plants have been established in these states. United States Census reports, reports of the Labor Commissioner in Ohio, and statistics taken from the Glass Trade Directory prove that the industry has had an almost continuous growth in both states during the past eight years. Most of the plants have grown and prospered and were not found to be any more handicapped for want of boys than were plants in unrestricted states.

A more important consideration is whether these laws have caused undue hardship to poor families. This claim was repeatedly

made by manufacturers, but in almost no cases by anyone else. It was denied repeatedly by school officers, poor officials, charitable society agents and others. Much more poverty was noticeable in the glass towns and among the families of boys who work in the glass factories in Indiana and West Virginia than in Ohio and Illinois. In short, every indication leads to the conclusion that the more child labor the more poverty and hardship to the poor family.

In Alton, Illinois, stands the largest glass plant in the world. Its eight great factories are running day and night, employing more than 4,000 men and boys, and turning out thousands of bottles a day. Until recently it was almost the only industry in Alton. From 200 to 400 boys under sixteen, most of them working partly at night, were employed there at the time the present Illinois child labor laws began to be enforced. When the plant was visited there were scarcely fifty boys under sixteen employed, all by day and all not over eight hours a day, although the plant is larger to-day than ever before. The use of older boys and men in the places of the little boys has been, according to officials of the plant, the chief method of adjustment to the law, although several automatic bottle-making machines, which practically do away with all labor, have been of late installed. When the present child labor law was pending in Illinois, officials of this plant fought the same and publicly stated that such a law "will drive us out of the state." To-day one of the officers of the plant when interviewed in Alton says: "When the law was passed we thought it was going to put us out of business, but we found a way out." So much for the law's effect upon the industry.

The town of Alton, at the time of the many raids upon this plant which led up to the strict law enforcement of to-day, was full of poor families, existing it would almost seem, only through the labor of their young boys in the glass plant. These boys were turned out. There was little other work. For a short time there was suffering in that town. But adjustment was made. Public and private relief, ineffective before, was organized. A larger number of men were employed at the plant and the boys were sent to school. To-day there is less poverty, by far, than before the law was passed, the old importation of poor families from the country districts to secure the boys for the factory has entirely ceased, and nearly everyone in Alton agrees that the child labor laws have been of great benefit to that community.

The third objection to the laws, though commonly made by certain manufacturers, was effectively answered by other manufacturers and by the facts themselves. The claim is made that the laws hinder boys from learning the glass-blowing trade. What there is so peculiar in the art of glass-blowing that boys of sixteen or over cannot acquire it at the same age that they acquire nearly all other skilled trades, one is unable to see. The fact remains that boys *are* learning this trade in Ohio and Illinois to-day who never entered the glass house till they were sixteen or over. It is a further significant fact that there are to-day many more glass-blowers in the country than can possibly find work. One is inevitably led to believe that the real reason for this unsubstantiated claim is that these manufacturers desire to continue to exploit the small boys, not at learning any trade, but at the monotonous drudgery of glass factory work.

We may mention briefly two further results of these laws in Ohio and Illinois. According to enthusiastic testimony by nearly all school superintendents and teachers interviewed in the glass towns, school attendance has been largely increased by the laws. In twenty-seven glass factory towns out of a total of thirty-two, in which the facts were obtained, the superintendent of schools or other school official reported an increased school attendance due to these laws. In several towns very definite figures were given to prove this. For instance, in the city of Bellaire, Ohio, which contains three large glass plants, the superintendent of schools reported a gain in school enrollment of 291 pupils in the past three years, while the school enumeration had remained practically stationary. He said: "This increase has practically all been in the upper grades and is largely due to the enforcement of these laws."

The laws are now very popular among all classes in these states. It was nowhere shown that the laws had increased idleness, or been anything but a benefit. As one prominent glass man put it, "We shall never go back to the old days."

In contrast with the progress of Ohio and Illinois are some conditions found in the more backward states. The table given has shown a larger percentage of child labor in Indiana, West Virginia and Pennsylvania plants. Younger children were also, in general, found employed in these states. The great majority of the young boys employed in the glass factories of these states, unlike Ohio

and Illinois, were found to be working on the night shift and, in most cases, were alternating every week, sleeping one week by night, the next by day. All but eleven of the 646 boys under sixteen who were found to be regular wage-earners in Indiana glass factories were so employed.

The injury of this night employment and especially of the alternating shift system is too well established to need proof. Much additional evidence and testimony were added by this investigation. In the two leading glass towns of West Virginia, Wheeling and Fairmont, strong letters, testifying to the injury of night work under sixteen were secured from nine prominent physicians and others were secured in Indiana. The evils of the system are to be seen in the home study which was made of forty-eight boys in the three states through which the facts which follow were brought out. Young boys slept in the factory or hung around until morning in ten cases. These night workers commonly finished their labor at about 3 A. M. Many were very irregular in meal hours and hours of sleep. Mothers complained in a number of cases that already the hard and unnatural conditions and hours of work had stunted, weakened and permanently injured their boys.

Proper enforcement of Indiana's laws is still impossible through the antiquated affidavit system. The results of allowing children to work on a simple affidavit of age from a parent or guardian are shown in the following figures. Fifteen of the thirty-one factories visited were found to be employing children under fourteen; thirty-five children so employed being actually found and scheduled. Thirteen of these were found working under false or perjured affidavits, and twenty-two with no affidavits. This is, however, a very incomplete list. All agreed, even the manufacturers, that false affidavits were commonly resorted to by unscrupulous parents.

In West Virginia, as already stated, the law at the time of the investigation amounted to but little and the enforcement to less. Eight of the fourteen plants visited were employing boys under fourteen, forty-two cases being scheduled. A number of boys of nine, ten, and eleven years of age were found at work, mostly at night. It was found that permits, oral or written, were being given out by the Commissioner of Labor himself, allowing boys to leave school and go to work in the factories.

In consequence of backward laws and lax enforcement the

schools in these states suffer greatly. Two evils were commonly reported by the school people:

(1) Many children leave school the very day they reach fourteen if they do not contrive to do so before.

(2) School boys are permitted to work in the glass plants to the manifest detriment of their school work.

Both of these evils were found much less prevalent in Ohio and Illinois than in the other three states. Stricter laws and better enforcement of law account for this.

In Indiana and West Virginia this employment of school boys was particularly inquired into, the schedules showing the following facts:

INDIANA AND WEST VIRGINIA GLASS FACTORIES

	During vacation	During school term
Plants using school boys	40	34
Plants not using school boys	4	10
Unknown	1	1
Total	45	45

The number used by these plants, of course, varied greatly, but frequently was found to be large. That this is a very great evil in many localities was repeatedly affirmed by school authorities. Such employment is frequently illegal, boys of ten or under being sometimes used. Such boys are undoubtedly injured by the work, and in addition their schooling is interfered with. The impossibility of any young boy working at night until 3 A. M. and doing well in school the next day is apparent.

In the glass towns of West Virginia, Indiana and Pennsylvania there is much more poverty apparent than in the other two states. There is less efficient public and private relief; school authorities give little or no material help to children in the poorer families as they do in Ohio. The question arises,—would stricter child labor laws lessen or intensify these evils? We believe they would lessen them in the end, as they have in Ohio and Illinois. Relief would be organized and more largely given, work would be taken from those unfit to bear the burden and transferred to the shoulders of

fathers and older brothers, who would be paid higher wages than they are now getting. "A nice theory," say some, but it is much more than a theory to-day in states which have tried this remedy. The infamous importation of miserably poor families from the country districts and from other states to recruit the supply of "small help," a very common practice still, especially in Indiana, would be done away with as it has been largely in Ohio and Illinois.

From this investigation of the glass industry in five states the following conclusions may be drawn:

(1) The child labor laws have been successful and have already justified themselves in those states which have the most advanced laws. Scarcely any except the manufacturers, whose pecuniary interests have suffered, temporarily perhaps,—and a decreasing number even of these—deny this.

(2) The industry in these states has not suffered, but has thrived and grown.

(3) The families of the poorer workers have not been injured, but on the contrary poverty has been lessened.

(4) Children have been transferred from the factory to the school, and many communities have been benefited thereby.

(5) The need for uniform advanced laws and for their enforcement is clearly shown by the inferior conditions found in the backward states.

Progress is, however, being made, and the backward states are coming up to the standard of the more progressive. Following this investigation campaigns were waged in three states, and long steps in advance have been taken in two. Indiana has prohibited night work for children under sixteen and provided for them a maximum working day of nine hours. West Virginia has prohibited at all times the employment of children under fourteen in manufacturing, and has introduced the employment certificate. In Pennsylvania a bill, which would have brought that state up to the standard of the most progressive by forbidding night work under sixteen was defeated largely by the efforts of the glass manufacturing interests. Only Pennsylvania and West Virginia, among the seven great glass manufacturing states, still allow the employment of children under sixteen at night.

Surely it is a reasonable standard that has been set in Ohio, Illinois and many other progressive states, which prohibits the

entrance of children upon the wage-earner's long and arduous life below the age of fourteen and guarantees to those who must begin before they are sixteen the minimum protection of an eight-hour workday and no night work.

That the securing of such progressive laws in all states will solve the problems of poverty and children's wrongs which are demanding solution in this country to-day, we do not pretend to claim. But this, we believe, the present study has helped to demonstrate anew, that the elimination of children from unsuitable employment works immediate good to all concerned, and that by the building up of more efficient and noble citizenship the future will show increased returns.

THE COAL MINES OF PENNSYLVANIA

BY OWEN R. LOVEJOY,

General Secretary, National Child Labor Committee.

The coal mining industry is one of the most important industries in our country; and while, because of its localization, it does not affect the lives of so many people as many other industries, where it is located there is an intensity of industrial interest; there is usually a congestion in the living conditions of the people; and there are wage problems and living problems quite as serious as those that affect any of our other industries.

It should be gratifying to the people of the Birmingham region that the coal industry has developed at so late a day, just as it ought to be gratifying to the people of the Pittsburgh region and of the Eastern Pennsylvania region, that the coal industry there developed at a later day than it did in some other parts of the world.

We have been saved in Pennsylvania the tragedy in young child life that was enacted in England and other European countries a hundred years ago. We have been spared the necessity of learning by experience that it was not only a social outrage but an economic error to allow women and little girls to toil in the darkness of the coal mine. No amount of preaching seemed to teach our English neighbors, but through the experience of years of tragedy and wrong, they learned that it was not wise, that it did not pay from any point of view, to allow little six and eight and ten-year-old girls to work through long hours in the heart of the coal mine, and when the coal mining industry developed in America, the woman and the girl had been almost entirely eliminated from the problem at the beginning.

So we began here in America on a little higher plane than that occupied by our coal mining ancestors across the sea. When the anthracite and bituminous fields of Pennsylvania were opened, it was the custom to employ not little girls, not women, but little boys of very tender years; and up to a few years ago it was quite customary for boys of eight, nine and ten years to be employed inside

the bituminous and anthracite mines, and in larger numbers, in the anthracite field, in the coal breakers and other operations outside the mines.

The fight began on that low plane, and the leading coal operators to-day are ashamed to confess that in the early days their ancestors in the industry fought the efforts to eliminate the little boy—the eight-year-old boy from the coal mine. You meet any intelligent coal operator in Pennsylvania to-day and he will be just as eager to have laws passed that will successfully eliminate young children, as will the so-called typical social worker. As the English on the lower plane learned, so he has learned that the little boy is a bad economic proposition in the coal industry.

The process of improvement has passed through stage after stage of evolutionary development. Seven years ago, when the work of this committee was inaugurated, there were still a great many children of eight years employed in the coal breakers of Pennsylvania, and a large number of children of ten years employed inside the mines. At that time, the law in Pennsylvania forbade the employment of any boy under 14 years of age in the coal breakers and any boy under 16 years inside the anthracite mines.

But the law in Pennsylvania regarding the age of children employed was very much like the law in Alabama to-day; it left it to the imagination of the parent and the credulity of the official to determine the age of the child who applied for a permit to work. Sometimes parents found that the years of taking care of the little child had dragged on so heavily that a child of eight years seemed to them to be 14 or 16 years of age. They felt that they had had the little darling in their arms so long now, it must become an adult and add its efforts to those of the natural wage-earners of the family in order to eke out an existence.

I have stood in the offices of notaries public in the State of Pennsylvania within the past six years and have actually seen little boys of eight years, unable to speak a word of English, much less read and write—little boys who had never been in an American school for a day—consigned to the labor of the coal mine three miles from daylight to spend the rest of their lives; and this under an affidavit signed by the parent or guardian testifying that the child was 14 or 16 years of age.

Many harsh things were said about the coal operators during

the early days. No doubt some were quite indifferent, and possibly some connived at violation of the law but the initial defect was in the law itself. The law made it possible for a parent to deposit twenty-five cents and make affidavit to the age of the child, and there were no questions asked. Thus with the seal of the state the transaction was arranged.

After years of agitation it was possible, two years ago, to secure an amendment to the law, and this we are glad to record was secured by the definite and active co-operation of the leading coal operators in the mining sections of Pennsylvania. This law makes it impossible to throw the burden of proof upon the weakest members in the community, the parents of the children who seek their employment. It requires that before a child can be employed, documentary proof of that child's age must be deposited with the issuing official, and based upon that documentary proof a certificate is issued.

Since then the elimination of the eight-year-old child has gone on apace; and while there are probably some infractions of the law even to-day, we are glad to record that there are very few children under 14 years of age now employed in either the bituminous or anthracite mines of Pennsylvania.

Through an unfortunate error in drafting the bill, the age limit for employment inside the anthracite mines, which had been 16 years for some time, was cut to 14 years; but that is to be remedied at this session of the legislature. We already have on record a number of coal operators in favor of fixing the age limit again at 16 years. And many of the larger companies have absolutely refrained from employing children under 16 years even though they are legally permitted to do so.

I had the pleasure to-day of becoming acquainted with one of the leading coal operators of this state, in the Birmingham region, and he protested most vigorously that no child under 16 years should be employed inside any coal mine.

While I have not had the pleasure of meeting any large number engaged in the coal industry in Alabama, let me hold this out as an earnest of the spirit I trust will actuate those engaged in this industry when the question comes up before your legislature. Let us hope not only that the coal operators will refrain from opposition to a law fixing a 16-year limit for

employment inside coal mines, but will come forward as one of the interested parties to promote this kind of legislation.

If they should not do this, and if such a bill should not pass, I believe, that after they have had the experience we have had in some of our northern communities, they would also welcome such a reform, not only for the sake of preserving the lives and health of the children themselves, but from considerations of the larger interests of the community.

The child in such an industry as mining is an unsafe industrial risk, and an expensive hazard.

Recent statistics in the mining reports of Pennsylvania showed, outside the coal mines in the large buildings where the coal is cleaned, (a phase of the industry unnecessary in the bituminous field), that among the boys and men who picked slate, while there were that year approximately an equal number of boys 16 years of age and under, and men above 16, the accidents to boys were three hundred per cent higher than to men and boys above 16. Boys and men were working side by side, performing almost precisely the same kind of work and under the same conditions of danger. It was not that the coal operators put the boys in the breakers in the more dangerous places, for slate picking is possibly attended with less danger than any other operation around a coal mine. The difference was due wholly to the fact that the men were men and the boys were boys. There they sit nine hours a day bending over the coal chutes in one of those large breakers towering perhaps 150 feet above the mouth of the mine shaft, where they may clean ten or fifteen or twenty-five thousand tons of coal in a single day. As the coal comes from the great grinding machine at the top of the building and then off through the chutes to the coal cars, these men and boys watch as it passes down the chutes, picking out the slate and other refuse so that the coal will be clean.

When a man sits for nine hours a day picking slate, if anything happens in the coal mine to stop the operation for five minutes, he sits up and stretches his back and rests, because he already has deposits of lime in his spine, and it begins to stiffen when he sits for a long time.

When a 14 or 13 or 12-year-old boy sees the coal chute running empty for five minutes, does he straighten his back and

rest? No, he strikes the next boy on the back and there is a game of tag on in a minute; and these little boys, 40 or 50, perhaps a hundred of them, are scurrying around like rats over this darkened building with coal dust so dense at times that one cannot see at six feet distant, and the first thing you know one stumbles and falls headlong into the great grinding machinery with its steel jaws that crush and kill, and is ground to pulp before he can be rescued, as a little boy was at Wilkesbarre just a short time ago, a boy between 10 and 11 years old. Or, he may stumble and fall in the great coal hopper and be buried beneath fifty tons of coal before they can stop the machinery, as happened to a little boy in Pittston a few years ago. I speak of these simply to illustrate the difference between the boy and the man.

Someone has to pay for these losses. Up to the present time, the home of the child has borne the brunt of the burden; but times will change, and they are changing with rapidity. The spirit of equalizing the burden of industrial accidents is abroad in the land, and it is striking some of our communities with a force that cannot be resisted. The time is coming, if it has not come already, when all over the country people will recognize that the principal share of the burden for industrial accidents should fall upon the industry as such, and that it should not fall upon the impoverished home of the hapless victim.

Many leading manufacturers of the country are already committed to this principle. They recognize its justice but they say, "We must adjust our business, we must adjust our relations with our employees on a new basis. If we are to be held responsible for this, which we recognize we ought to be, there must be some new kind of adjustment." The principle which casualty companies have already recognized, which child labor reformers have already recognized, which the so-called theorists have been harping on for years, will be recognized by these men in large industrial operations that, from the standpoint of industrial cost, it does not pay to try to run a kindergarten in a coal breaker, or in a coal mine; it does not pay to have little boys, lacking in caution, in discretion, in foresight, employed in a phase of industry that brings them daily into contact with occasions for the most serious accidents.

So I trust that in the development of this new coal industry

in the Birmingham region, and in other parts of the South, you citizens of Birmingham who may have friends in that industry, or acquaintances interested directly or indirectly, will try to call to their attention some of these newer principles that are coming to the front. Show them that just as Pennsylvania saw that it did not pay to have little girls and women employed in coal mines, and as they have learned step by step to eliminate the 8-year-old and the 9-year-old, and the 10-year-old boy in favor of the higher ages, because of the higher industrial advantage to themselves as well as the higher humanitarian considerations, they in the Birmingham region should start on a still higher plane.

Do not begin where the Pennsylvania operator began. Do not repeat the mistakes he made. Do not have to learn all this by pathetic, tragic experience—the costly lessons that some of our northern communities have been trying to unlearn for the past fifty years; but start upon the plane of the highest development that has been realized anywhere and make the coal industry of this community a blessing, as it should be, and not a curse, as it has been in some other parts of the world; and let it be an advantage and an opportunity not only to those who participate in the stockholders' dividends, but to those and their families who participate in the manual toil, which is just as essential as the machinery and equipment to the production of this commodity.

NEW TERRITORY

BY A. J. McKELWAY.

Those of us who are in the midst of the fight are often disappointed that ideal child labor laws are not at once enacted, that our progress seems so slow. And yet, looking backward over the year's progress in the southern states, I think we have some cause for encouragement and congratulation.

The last year was an off-year in the meetings of the legislatures, and this year has not been completed so far as legislative sessions are concerned. We hope, for instance, that Alabama with regard to her child labor law will not say, "Alabama; here we rest;" but "Here we do not rest; we go forward."

Maryland

In Maryland we made two slight gains. There was a ten-hour law without any penalty for its violation, and the legislature fixed a suitable penalty. It also considered the night messenger service, and though we hoped for a more distinct gain, yet when we consider that formerly twelve-year-old boys were employed lawfully day or night in this most demoralizing business, we did advance in making fourteen years the limit for day work and sixteen years for night work in Maryland.

Virginia

In Virginia, where we have a fourteen-year age limit and a fair system of factory inspection, we were met by the enemy's demanding the repeal of the ten-hour day for women and children. Five manufacturers, all of them, I believe, cotton manufacturers, having been prosecuted for the violation of this law, carried their case to the Supreme Court to test the constitutionality of the law. While the case was pending they besieged the legislature to change the law from the ten-hour day to the sixty-hour week. They were the most benevolently inclined gentlemen that ever approached the legislature. They said that under the ten-hour day

they were not able to give even a half holiday on Saturday to their little employees, while with a sixty-hour week they could work them eleven hours a day for the first five days of the week, and then give them a half holiday on Saturday.

But thanks to the good women of Richmond the law remained as it was; the legislature refused to repeal the statute, and a few weeks afterward the Supreme Court declared it constitutional, and the gentlemen had to pay their fines.

Virginia also passed an act forbidding the sending of children, boys or girls, under seventeen years of age, to disreputable resorts. I feel sure that if the investigation of the night messenger service in Virginia had been made in time, we should have reached a higher standard. We all understand from experience that this law is insufficient, and we hope that we soon shall have a twenty-one-year age limit for the night messenger service in every state of the Union, as we now have in New York. But this was some progress in the right direction. It at least indicated that the state was looking at the moral side of the employment of children.

The battle in North and South Carolina has just been completed, of which a full report will be made by our agent for the Carolinas, Mr. Hollis. The South Carolina bill that was passed, eliminated the under-twelve exemption to the present law, made an age limit of sixteen for night work, while in North Carolina, the sixty-hour week was substituted for the sixty-six hour week.

And then the Governor of South Carolina disappointed all the friends of the child labor cause by vetoing the appropriation heretofore made for the two factory inspectors in South Carolina. He has been considerably hammered on that account throughout the state, and has lately announced that he has a fund of six thousand dollars for the employment of dispensary constables, and that he is going to put these constables to work to enforce the child labor law.

Georgia

By the action of the North and South Carolina legislatures we now have only one state, Georgia, which allows children under twelve years of age to work in the mills, and only one state, Georgia, that allows children to work more than sixty hours a week. So we are going to combine our forces upon Georgia next summer and

see if she shall allow herself to be left on this conspicuously bad eminence.

At the meeting of the Georgia Legislature last summer, one bill was passed, prohibiting day work for boys in the telegraph messenger service under fourteen and prohibiting night work for boys under sixteen. The opponents of the bill thought they had killed it in the Senate by a filibuster, but the filibusterer talked just about a half minute too short a time. The bill passed on the fifty-ninth second of the last hour of the session, and the president of the Senate remarked, "This bill having received a constitutional majority is thereby passed. The Senate stands adjourned *sine die*." It was a pretty close race against time.

Texas

We organized three committees in Texas to fight for a better child labor law. Texas already had a twelve-year age limit, some degree of factory inspection and a sixteen-year age limit for mines. One committee represented the women's clubs, another the labor unions, and a third the state conference of charities in Texas. Each of these bodies appointed a child labor committee, and through their efforts Texas has gone a step farther than any of the states, and has made a fifteen-year age limit for children in factories and a seventeen-year age limit for children working underground in mines. The bill has been signed by the Governor.

I was sent by our committee in November, 1910, to the last remaining territories in the United States, Arizona and New Mexico. I attended both of their constitutional conventions.

New Mexico

In New Mexico a resolution had already been passed making a fourteen-year age limit for the employment of children in mines; the territorial law was twelve. I found it impossible to get this changed to sixteen. The mine owners objected to it, and the friends of the children were afraid that the legislature in New Mexico might not even reach the fourteen-year limit. But the convention did pass a resolution directing the legislature to enact suitable laws for the protection of children in industry, and I suppose that if the word "suitable" is properly translated, the first legislature of the new state of New Mexico will pass an act which will be a good child labor law.

They also passed an excellent compulsory education provision in the New Mexico constitution, going beyond the present territorial law.

Arizona

Arizona had adopted a part of the old Oklahoma constitution which was not quite satisfactory, making a fifteen-year age limit for children in dangerous occupations only; but I was able to persuade the convention to adopt unanimously a plank which read something like this:

"That no child under fourteen years of age shall be employed in any gainful occupation during the time when the public schools are in session, nor shall any child under sixteen years of age be employed at night in any occupation, nor for more than eight hours in any one day, nor underground in mines, nor in any occupation injurious to health and morals, or dangerous to life or limb."

If the legislature carries out that provision, as doubtless it will, Arizona will have pretty nearly a model child labor law.

There were other things adopted in those two conventions that would be interesting to the friends of the children, but I shall not pause to mention them now, except, perhaps, that as Judge Feagin has spoken of the protection of the delinquent children, Arizona declared that no child under eighteen years of age shall be detained even over-night in any jail, or section of a jail, where adult prisoners are detained, and it provides for a system of juvenile courts. New Mexico also has a hint at that in its constitution.

And by the way, as I came through North Carolina the other day, I saw in a North Carolina paper that the legislature which has just adjourned has passed a law erecting a state reformatory for colored youth. I was in the fight four years ago for the establishment of a reformatory for white youth in North Carolina.

Mrs. Stonewall Jackson was one of the devoted friends of that measure, and wrote a personal letter to every member of the legislature. The legislature adopted that provision and the institution is called the Stonewall Jackson Training School.

It would have been impossible four years ago to establish an institution for the protection of the colored boys; but yet, mark you, the sentiment of justice is one of the strongest characteristics

of our Saxon race, and once the institution was provided for the protection of the white youth, people began to ask, "Why not one for the colored boys and girls also?" So the legislature has just responded to that sentiment of justice and directed the erection of the institution.

TEN YEARS' EXPERIENCE IN ILLINOIS

BY MISS JANE ADDAMS.

I shall try to tell you some of our experiences in Illinois in relation to child labor legislation, and how we were finally led away from merely restrictive measures into all sorts of undertakings in trying to provide education and recreation for the children.

In 1901, Illinois had only one child labor provision upon its books, and that referred only to children working in mines. In 1903 the protection of the law was extended to children working in sweatshops and factories. At once it became evident that Illinois must modify the compulsory education law, and we finally equipped ourselves with a splendid parental school. We discovered that certain boys who did not get on very well in the ordinary schools, when they were sent out in the country to this parental school, developed a taste for farming, for stock growing and for all sorts of things, simply because they had something to do with their hands. Several years later the Illinois Child Labor Law was extended to include children working in mercantile establishments and offices, and at that time we were able to get a provision that no child could receive a certificate unless he was able to read and write.

A very astonishing thing happened as a result of that provision. Certain schools, largely those in the foreign communities, which had been quite large enough before this provision was enacted, suddenly became filled to overflowing. I remember one school in the stockyards which increased from 50 to 150 in the fifth grade alone, and the increases came right along in all of the lower grades, for even little creatures of four were entered as aged six, in order that they might more speedily learn to read and write and more early attain the advanced age of fourteen.

And then later, through the juvenile court, it was discovered that a surprising number of children got into difficulties, some of them out of school hours and many others after their long hours of work in the factories and shops.

And finally it was said by good citizens all over the city, "It is

foolish that children should be arrested and brought into the juvenile court for playing ball on the streets; it is very absurd that a child should get his name so close to the criminal records of Cook County merely because he obstructs traffic playing leapfrog. Something must be done to get these boys a place to play."

So gradually we have built up in Chicago a system of small parks, each park—and here I will boast a little, in true Chicago spirit—each one of these small parks is equipped with a field house costing \$90,000. It has in it a gymnasium for boys and another for girls; it has in it club rooms, public library stations, dance halls, in which young people may come together and have decent recreation. Outside of these park houses, in the immediate vicinity, are open air gymnasia, swimming pools and athletic fields, and all of those things to which young people are so quickly attracted.

At the end of three years this is what happened. It was discovered that in the region of these small parks where once many boys had been arrested, the number was gradually lessened, and at the end of five years it was reduced more than a third. Children were not arrested, simply because they had the outlet for their energies which the small parks afforded.

Naturally, some of the taxpayers had objected to these small parks; the taxpayer always objects when his taxes go up suddenly and he does not quite understand the reason why. We were able, however, to say to those taxpayers of Chicago: "It is true that your park tax has increased, but it is also true that your county tax, that tax which took care of the juvenile delinquents, has decreased, so that at the present moment in spite of the fact that fifteen of these very expensive field houses are being managed in Chicago, you are paying less taxes than you paid five years ago."

Now, it seems to many of us that that is one of the results of that child labor legislation which began so long ago, in 1901, because this is a curious thing in regard to children: if you study their needs, if you feel identified with their futures, if you are mortified when they go wrong, you are gradually led out into all sorts of activities in their behalf.

Then we have found also that a surprising number of boys come to grief during the first two years after they go to work, boys between the ages of fourteen and sixteen. We are slowly discovering that many of these boys are badly placed. A boy who is

big and clumsy and likes to do outdoor things, to lift with his heavy muscles, while he imagines himself a pirate on the high seas, does not work very well when he is put into a factory to fasten eyelets into shoes at the rate of two cents a case.

So we are beginning to study the vocations of these children. We are discovering that children must be prepared for the things which they can do best, and some wise person must determine at what age, at what time and with what temperament a child can most easily be inducted into a given vocation. This again is reacting upon the schools in a surprising way.

Again we are able to go to Mr. Taxpayer and say to him: We will guarantee that we will reduce the delinquency among these boys between fourteen and sixteen, at this trying period when they are adjusting themselves to industry, if you will establish these vocation bureaus for all of the eighth grade children who are obliged to go to work; and if they haven't had the proper education in the public schools, we beg of you to so modify the schools, or to so add other schools that they may be taken care of and the city not only saved the expense of these juvenile delinquents but the parents saved the heartbreak which an erring child always brings, and the boys themselves saved the chagrin and the disgrace and the discouragement which going wrong always entails.

And so I say again, that beginning with your merely restrictive child labor law, you are entering at the same time upon a most fascinating road towards all sorts of other things which a great city will provide for its children. And this one message I can bring quite definitely, that while it seems as though you are reducing your industrial assets, while it appears you are increasing the taxes of the city, looked at from the point of view of twenty or twenty-five years, you are in reality increasing your industrial assets and decreasing your taxation. You will gradually spend your money more wisely and more intelligently; you will enter into a friendship and an understanding with the child, so that you will realize what he needs at certain times and under certain conditions; you will first of all be ashamed that you ever thought he ought to labor to support grown up people, and then you will wonder that you ever thought he could walk along the street like a sober deacon when he was longing to play all sorts of fascinating games, and thirdly you will discover that if you would fit him for industry,

you must begin to consider the child and the industry together, and make some sort of a connection between the two.

In our own neighborhood at Hull House we have discovered another thing about these boys. We have had representing us in the common council of the city of Chicago for about twenty-five years, a certain alderman in Chicago who has a rather unsavory reputation. We have tried at various times to dislodge him, but we have never succeeded, and we have finally made up our minds that unless he grows ambitious and wants to go to Congress, we never shall get rid of him in the nineteenth ward.

A little study of the children of the nineteenth ward, especially of the boys, divulged this: that the boys who went around the ward in gangs—and curiously enough every boy does belong to a gang, especially if he be an Irish boy, from whom our politicians are mostly made—were learning the very method, the very technique most useful to the kind of alderman with which our ward is blessed.

The boy at the head of the gang in Chicago is called the "song-and-dance-man;" in Boston they call him the "councilor." I do not know why in either case, but that is what they do call them. This "song-and-dance-man" has it put up to him to provide something for the gang to do all the time, and if he can provide something on the edge of law-breaking, which is very exciting, he is all the more successful.

When he grows a little older, he keeps on with this gang. He tells them the saloons which are protected, so that they may go there without fear of being interrupted by the police. He tells them the gambling places which are quite safe, and he gives them the tip in this thing and that thing, even to the justice before whom they may appear and be protected by the alderman.

All this is exactly the training for the kind of alderman we have in our ward. He takes care of his friends who vote for him and sees that the law does not press too hard on them; and if they do get into trouble, some higher power, through his influence will get them out again.

We gradually discovered that we were training up that type of politician right in the city of Chicago, one set of boys after another whose only idea of political association and civic righteousness was the sort of thing which they learned in the gang, and which prepared them directly for this sort of political life.

Every settlement has long and sometimes dreary lessons on civics, and the constitution of the United States, and all the rest of it, and the boy will listen to all of them, if you can catch him, but what he really learns of life is the thing he learns with his companions, and the way he learns to act with other people is the basis of his future political relationships.

So we said if we could break up these gangs, it would be a long step in the right direction. And lo and behold, when we had the playgrounds, while we were wondering how we could break up the gangs, the gangs broke up themselves. If six or eight or ten gangs enter into a playground at the same time, the man at the head of the playground has only to be concerned that each one has an equal chance; "that the liberty of each" in the words of Herbert Spencer, "is limited only by the like liberty of all." So if one gang wants to use the apparatus too long or if one wants to rule the playground, the man in charge says: "Not at all, Mr. Song-and-dance-man, this is a public playground and belongs equally to all the boys in this neighborhood." And you begin to give quite another notion of political life to the hundreds of boys who use the playground, as they find that they are obliged to take their turns in the use of the apparatus which has been supplied by the city. And very soon they learn that only as a boy distinguishes himself by actual achievements such as boys so much admire, the turning around and around an innumerable number of times on the bars, or something else, which is quite different from political manipulation—only in some such way as that is he able to win the admiration of his fellows.

We have discovered that in these playgrounds of ours we are breaking up a certain type of politician who has so long reigned in Chicago. And we also believe that when city children are free from the premature labor, free from that dull kind of education which has no relation to the life which comes after, when they have a chance to use some initiative, to plan for their own futures in relation to the things that they like to do, that we are going to have such an aroused community in Chicago that at length our moral energy and our civic enterprise will equal our long-famed commercial energy and our huge, unwieldy bulk.

THE FORWARD MOVEMENT IN MISSOURI, WEST VIRGINIA AND INDIANA

BY EDWARD N. CLOPPER,
Ohio Valley Secretary, National Child Labor Committee.

In referring to the movement for better social conditions in Missouri, I want, first of all to mention the excellent plan for organizing their forces adopted and carried into effect by the various bodies of Missouri interested in the different problems involved. Twelve of the principal organizations of labor, social workers, physicians and women's clubs formed a committee on social legislation to present for passage in the General Assembly of 1911 bills for state-wide factory inspection, state-wide child labor restriction and a nine-hour workday for women. This committee appointed a secretary and opened an office in St. Louis for conducting an aggressive educational campaign over the state, and for pushing the desired measures through the legislature.

The child labor bill now pending¹ provides for extending the law to cover the entire state instead of only cities with a population of more than ten thousand, as at present. The nine-hour day for working children is changed in the bill to an eight-hour day. Until recently this restriction of the law's application to larger cities was justified, because manufacturing was practically confined within the larger communities of the state, but to-day these conditions are rapidly undergoing a change; many smaller towns are developing industrially through the growth of local enterprises and the establishment of branch factories by large concerns in the principal cities. The bill now pending is designed to give the same measure of protection to working children in the smaller towns as their fellows in the big cities now enjoy. However, no law can be of any value to a community without provisions for enforcement. The Missouri department of factory inspection now has power to enforce the law only in cities with a population of more than ten thousand. Hence, if the provisions of the child labor law are made to apply

¹Became a law April 7, 1911.

to the entire state, the authority of the factory inspectors must be correspondingly extended. It was for just this purpose, and to put the department officers on a salary basis that the factory inspection bill was introduced.

West Virginia

In West Virginia, unfortunately, the degree of correlation between the compulsory education and child labor laws has heretofore been so small as to make them virtually antagonistic. Compulsory education and the restriction of child labor form the principal part of the program for the training and protection of children in nearly every state of the Union. These two elements of the great constructive plan for child welfare are complementary, and to insure the successful operation of the whole program the close relationship of the one to the other must be recognized. The full benefit of compulsory education cannot be realized if young children are allowed freely to engage in gainful occupations during the hours in which the public schools are not in session; neither will the opportunity for education which the state seeks to grant, through the prevention of child labor, be fully taken advantage of unless attendance at school is required. Physical strain from excess of work defeats the aim of the state in the one case, while the evil effects of idleness are the consequence of the other. The compulsory education law of the Mountain State is one of the best in the country, and last month the legislature passed a very good child labor bill prohibiting children under fourteen years from being employed at any time of the year in factories, mills or workshops, and requiring children fourteen to sixteen years of age, employed in such establishments, to secure from their local school authorities an employment certificate which is issued only after adequate proof of age and evidence of schooling through the fourth grade are submitted. The enactment of this law, however, is only the first step in the movement for child labor reform in West Virginia, because there are many lines of work to which the fourteen-year age limit does not apply, and, moreover, there is no limit to the number of hours of work, nor prohibition of labor at night or at dangerous occupations for children between fourteen and sixteen years of age. A bill containing such provisions was introduced into the legislature but was ignored by the members on account of the quiet but very effective opposition

of the glass manufacturers, and after the Assembly had wasted half the session wrangling over the organization of the Senate and the election of two United States senators, there was not time enough left to fight for this bill, and consequently our efforts were centered upon the certificate measure; the passage of the latter was secured only at the eleventh hour and by the most determined and persistent effort of those supporting it. One excellent feature of this new law gives to truant officers and agents of the State Humane Society, as well as the Commissioner of Labor, the power to inspect factories as to child labor and to report violations for prosecution.

Indiana Restricts Employment of Children

The most stubbornly contested measure before the Indiana legislature which adjourned on March 6th, was the child labor bill, the purpose of which was to give to the working children of the Hoosier State the same protection as to hours, night labor and employment in dangerous occupations as the children of Ohio, Illinois and many other states have for some time past enjoyed. The Democratic majority was pledged to strengthen the child labor law of the state, and Governor Marshall in his first message to the legislature made specific recommendations as to what the changes in the law should be. He urged that "no child under fourteen years of age be permitted to work for pay, and that no child of any age be permitted to labor for more than eight hours, nor at night, and that no child be employed in any immoral or extra hazardous occupation." The bill was drawn on these recommendations, the eight-hour day and prohibition of employment at night or at dangerous work applying to children under sixteen years, while girls under eighteen were forbidden to work in tobacco factories, breweries, hotels, theatres and drug stores.

The measure, introduced at the beginning of the session, was not passed until the end, while during the interval a bitter fight was waged between the employers of children on the one side, and the State and National Child Labor Committees and the State Federations of Labor and Women's Clubs, which were co-operating, on the other. The largest and most persistent lobby of the session was placed in the state capitol by the enemies of the bill, and delegations from every corner of Indiana attended the many public hearings and exerted their influence to the utmost to secure its defeat.

Its voyage through the two branches of the legislature was rough and stormy, but it weathered the gale without loss or mishap, until it was entering port through the narrows of third reading in the Senate, where it squeezed through only after considerable damage had been done. It suffered amendments by which canning factories are permitted to employ children of twelve years from June to October, the eight-hour day was changed to a nine-hour day and the eighteen-year age limit for girls in the several establishments named was reduced to sixteen.

The bill as drawn would have made Indiana's child labor law practically uniform with the laws of the adjoining states of Ohio and Illinois, but unfortunately the legislature at the eleventh hour yielded to the tremendous pressure brought to bear by the manufacturers and refused to incorporate in the laws of the state the principle of the eight-hour day for working children. However, one of the most important sections, that prohibiting night labor by children under sixteen years of age, remained intact.

The arguments of the manufacturers against the eight-hour day for children were to the effect that if such a provision were passed they would be unable to adjust their business systems so as to permit their employees, who would be affected by the law, to work only eight hours, while the older ones worked nine or ten hours, and therefore they would be obliged to discharge all such children, and this would cause suffering among their families and result in enforced idleness, which would bring on evil social consequences. However, these arguments were based entirely upon assumption, inasmuch as these employers had not tried the eight-hour day for children, and consequently could not speak from experience. The only practical way to judge the merits of such a provision is to note its effect upon a manufacturing community, where such a law has actually been in operation for some time. These same arguments were presented in Ohio by the opponents of the eight-hour bill for children in 1908, but nevertheless the bill was passed and none of the dire consequences predicted have come to pass. The number of children fourteen to sixteen years of age employed in Ohio factories and workshops was thirty-eight per cent greater in 1910 than in 1908 and 1909. In Cincinnati the average number of employment certificates issued to such children per month in 1909 and 1910 was nearly twice the average number issued in 1908 under the old law.

As most of these children are employed in establishments where the older employees work nine and ten hours per day, one is therefore safe in concluding that the eight-hour day for children is distinctly successful in its operation and, contrary to the assertion of its enemies, actually helps to decrease suffering and idleness by increasing the number of children at work. Parents are more willing to have their children enter gainful occupations if they have the satisfaction of knowing that the state will give them proper protection. It is to be regretted that the legislature of Indiana did not place the Hoosier State in line with Ohio, Illinois and other leading states of the Union, which have already thrown this safeguard about their child laborers.

THE STATE AND THE NATION IN CHILD LABOR REGULATION.

BY HON. WILLIAM E. BORAH,
U. S. Senator from Idaho.

The question of proper regulation and control of children employed to labor is one of intense and absorbing interest to any one who will stop long enough to give the subject consideration. In the proper care and training, in the preservation of the health, the morals and the intellectual capacity of the child, is centered very largely the whole question of national growth, of national strength and of the permanency of our institutions. It means but little to enact good laws unless men have grown to the full stature of citizenship and are prepared to apply and enforce them, and the way to have good citizens is properly to care for the training and development of the child.

But I think the states ought to assume the burden of this work. Aside from the constitutional question which we may for the present put aside, it is essentially a matter with which the states have to deal. A question should only be national in matters of legislation when it is national in fact. If there is any question that ought to be kept close at home and as nearly a domestic affair as possible so far as the state is concerned, it is the training and caring for and protecting the child. Different states require different laws. While certain general propositions will apply everywhere, the detailed application of them will be much modified by the conditions in the different states. I am very much in favor, therefore, of the states becoming thoroughly active in this matter as individual commonwealths. I think too much stress cannot be laid upon the necessity of the states assuming at least their portion of this work.

It seems to me that it is well within the province of the national government to gather the data and the information. In other words, that the national government has a perfect right to investigate

conditions throughout the country and then make suggestions and furnish the information for the practical details of the work to the several states in order that the states may avail themselves of this general information and at the same time apply it according to local conditions.

Reports from State and Local Child Labor Committees

CHILD LABOR COMMITTEE, JUVENILE IMPROVEMENT ASSOCIATION, LOS ANGELES, CAL.

Conditions in the southern part of the state are practically unchanged.

The Los Angeles District Federation of Women's Clubs continues its successful scholarship work, providing twenty scholarships at \$3.00 per week, at a total outlay of \$1,000. An attempt was made to secure a law providing for county payment of scholarships.

In the recent legislation, compulsory education and child labor laws have gone hand in hand.

Gains: I. The compulsory school age, and the age when a child may work at specified occupations has been raised from fourteen to fifteen,—or to sixteen, if a child cannot read and write English. The special exemptions for children from twelve upwards unfortunately remain.

II. "No minor under the age of eighteen years shall be employed or permitted to work between the hours of ten in the evening and five in the morning." This is a gain of two years in age of the child though a loss of one hour in time (five instead of six o'clock), and the very great gain of prohibiting all work instead of specified occupations. It does away with hurtful newspaper delivery hours, and best of all, with night messenger service for boys under eighteen—a step forward, if not all that is desired.

The new head of the State Bureau of Labor Statistics is said to be peculiarly qualified for the position. Under his able leadership, with better laws and an increased appropriation, it is hoped that notable advance will be made.

The work of the Los Angeles Committee for the coming year seems to be in co-operation with all agencies for the enforcement of the compulsory education and child labor laws, and in a study of the street trades, one of the problems untouched in this state.

The various sections of the state have worked together better than ever before in efforts to secure desirable social legislation.

EVELYN L. STODDART,
Secretary.

APRIL 29, 1911.

SAN FRANCISCO CHILD LABOR COMMITTEE

During 1910 photographs were taken of children working at night and, following the taking of these pictures, a careful study was made of the conditions under which the children worked, with the result that at the last meeting of our legislature, a bill was introduced, the essence of which was that no minor under eighteen years of age should be employed, or permitted to work at any gainful occupation between ten in the evening and five in the morning. This bill was signed by Governor Johnson April 17, 1911.

Early in January, 1911, at a meeting of the committee the need of investigating the issuance of age and schooling permits was suggested, and a committee consisting of Miss Griffith and the writer was appointed to look into the matter. Later learning that the Bay County Consumers' League contemplated the same investigation, we joined forces with Miss C. Anita Whitney as representative of the league.

A force of workers was organized, who investigated conditions in San Francisco and in Alameda county and found them not quite in keeping with the best interests of the working child.

This investigation led to the co-operation of a number of school authorities to the end that on the seventeenth day of April, the governor signed a bill which requires that a child between the ages of fourteen and sixteen must have passed a fifth grade examination before entering work; that the family of said child must show need of its earnings and that a position must be assured prior to the issuing of the permit.

Other good features of this law are the placing the proof of age on the parents, their oath not being sufficient if the appearance of the child warrants the belief that the applicant is under fourteen, and the automatic revoking of the permit if the minor has been without regular employment for three months, and still needs to attend school.

Our committee has succeeded in interesting such kindly police co-operation that minors who under the law are permitted to vend papers, gum and the like, are not permitted to visit certain questionable quarters of the city.

J. C. ASTREDO,

*Probation Officer and former Secretary
of San Francisco Child Labor Committee.*

APRIL 20, 1911.

CITIZENS' CHILD LABOR COMMITTEE OF THE DISTRICT OF COLUMBIA

During 1910 interest in the child labor question in the District of Columbia centered chiefly on the amendment of the existing law which has now been in operation for about three years. That part of the law which relates to the employment of children in industrial, mercantile and similar establishments, seems to have resulted in: first, reducing the number of

employed children under sixteen years of age; secondly, in reducing the working hours to eight per day; thirdly, in obtaining a better selection of children by eliminating through a medical examination those who are unfit for certain occupations; and fourthly, by emphasizing the fact that children under sixteen need special protection, it has impressed the employers and public generally with the need of careful regulation of this phase of child life.

While the regulation of children employed in establishments has given a fair degree of satisfaction, the regulation of children's street trading still shows the need of improvement in legislation. During the passage of the law through Congress, the section relating to penalties for violation of the street trading provisions was unfortunately omitted, so that at present there is no means of punishing the parent or the child who violates the street trading regulations. As the law now stands, children with street trading permits are allowed to remain on the streets until ten o'clock in the evening. This provision has had unfortunate results in that newsboys and street traders of various kinds, under sixteen years of age, are exposed to the undesirable phases of city life. Thanks to the presence of one of the secretaries of the National Child Labor Committee, earnest and persistent efforts have been made during the past year to secure amendments to remedy these defects, but the ever-present difficulty of securing the attention of a national law-making body for a local measure has again been met with during the past session of Congress. While the Senate passed the amendments desired, attention could not be secured to them in the House of Representatives, but it is hoped that at the coming session of Congress, better success will follow the efforts in this direction.

NEEDED: VOCATIONAL TRAINING.

As in other communities, there is a strong demand for the introduction of vocational training in the public schools for the purpose of making the entrance into a trade easier and more profitable for the child at the expiration of the compulsory school attendance period. The difficulty at the present time is well summed up by one of the local superintendents of schools, who explains the desertion of the school by children at the earliest possible moment as follows:

"First—The failure of the present public school curriculum to have studies which will interest and hold pupils in the grammar grades. Second—The element of unrest which is inherent in boys and girls, and which makes itself evident from thirteen to fourteen years of age in a repulsion from abstract work and a yearning for physical activity. Third—The necessity for individual support which presents itself early in life to a large per cent of the world's population. These three, and other causes, leave behind these stern and sad statistics."

MOVING PICTURE SHOW EMPLOYMENTS.

As in other cities, one of the social problems needing careful attention is that of the moving-picture theatre. In addition to the constant supervision necessary to prevent the employment of children under age as ushers, attend-

ants, etc., constant watchfulness is needed in regard to employment of the children as performers. During the year 1910, 151 special permits were granted by the city authorities for children under fourteen years to appear as performers in these theatres. Some complaint is heard from school authorities that children engaged in such performances are not up to the standard of school attendance, scholarship, etc., and it would seem that further restrictions in this connection are advisable.

The official statistics show that during the year 1910, 1987 street trading certificates were issued and 510 certificates for employment in establishments were issued, and that these 510 children were employed in 377 establishments. During the year eighteen violations of the law were prosecuted in the courts.

HENRY J. HARRIS,
Secretary.

DELAWARE CHILD LABOR COMMITTEE

Since its organization, the Delaware Child Labor Committee has been engaged in the main, in formulating a new child labor law, which introduced not only certain new features, but also provided amendments and modifications for our existing laws. The committee got its material from laws in successful operation in other states, and added certain original ideas which applied directly to conditions in Delaware.

The completed bill was presented at the last session of the state legislature, and after some difficulty in committee, was reported to the senate favorably. It was changed in a number of ways and modified by mutual agreement before being voted on. The vote in the senate was, however, unanimously against the measure.

After the defeat of the bill, the legislature, at the instigation of those interested, provided that a commission of labor, consisting of five members should be appointed by the superior court, this commission to report back to the legislature at its next regular session, two years hence, outlining clearly existing child labor conditions in the state. No financial provision was made for the maintenance of this commission.

Members of the Delaware Child Labor Committee, in conjunction with other interested persons, are now working on the personnel and for the speedy appointment of this commission.

While your committee has not succeeded in changing the existing child labor regulations, its efforts, in the writer's opinion, have had an excellent moral effect in the community at large, and we believe that results are bound to follow our endeavors in a short time. We feel that it is safe for us to report progress, as specifically shown in the action of the legislature in providing a commission of investigation. Also in arousing public opinion to such a point that supervision and inspection of child labor under the present laws will be made more rigid and efficient.

The Child Labor Committee of Delaware is in its infancy, and I wish to

highly commend the faithful and unselfish work of its members during the past year. Its accomplishments are in direct proportion to its age, experience, and the circumstances surrounding its operations, and I think you may feel assured that the future will bring as its reward the ultimate success for which its members are giving their time and energy.

W. N. BANNARD, JR.,
Secretary.

APRIL 28, 1911.

ILLINOIS CHILD LABOR COMMITTEE

On November 2d, 1910, the Consumers' League of Illinois called a representative meeting of clubs and organizations interested in the welfare of the child, to consider the conditions of children engaged in street trades in Illinois as the present child labor law of Illinois does not protect children peddling on the streets.

There was a large response to this meeting. An address was given by Miss Addams. A statement of the situation in Chicago was given by the secretary of the Consumers' League. A representative committee was appointed from the Consumers' League, the Board of Education, the Mothers' Congress, and the Juvenile Protective League, to take immediate steps to regulate street trades of children in Illinois. A bill was drafted, has been introduced in the legislature, and is now in the hands of the industrial and labor committee in Springfield.

It provides for the elimination of boys under ten and girls under sixteen in the trade of boot-blackening, sale or distribution of newspapers, magazines, periodicals, books, or any article of merchandise in a city of 100,000 or more inhabitants (Chicago). Boys under sixteen who are engaged in these trades must secure a permit or badge, conditioned on specified proof of age and school attendance, from the school authorities. Truant and probation officers are required to enforce the law. Sale or distribution of above mentioned articles and the trade of boot-blackening is not permitted to boys under sixteen between ten P. M. and six A. M., nor during school hours, except when boys between fourteen and sixteen have special permission from school authorities to distribute newspapers between four and six A. M. The bill does not affect boys between fifteen and sixteen legally employed during school hours. The penalty provision (not more than one hundred dollars) includes persons in control of children violating the provisions of the act; employers; those who knowingly furnish or sell to a child under sixteen any of the articles referred to with knowledge that child intends to sell such in violation of act. Boy violating shall be brought before court with jurisdiction over delinquent, dependent and neglected children, and "dealt with according to law."

THE STAGE FIGHT.

An attempt is being made by "The National Alliance for the Protection of Stage Children" to bring about a measure allowing children to play in the

theatres of Illinois. There have been three hearings before the judiciary committee which has this bill in charge, the last being before a sub-committee appointed to report back to the general committee after due consideration.

A delegation of twelve or fifteen came on from New York and gave a very strong hearing, presenting reasons from many sides for allowing children to act on the stage. There is still to be another hearing before the general committee and it is hoped the committee may be convinced of the great harm to little children of allowing this measure to become a law. Every effort is being made in Illinois, by those who have the real interest of the child at heart, to keep what protection we have, and also to extend protection to the child engaged in peddling on the streets.¹

HARRIET M. VAN DER VAART,
Secretary.

INDIANA CHILD LABOR COMMITTEE

The new law is much in advance of the old, as will appear below. It gives us three-fourths of what was asked in the original bill. The ten-hour day is changed to nine. The night clause for children under sixteen applies to every occupation and is a vast advance. The age in injurious occupations is advanced to sixteen years and in some occupations for girls to eighteen, and in operating dangerous machines the age is advanced to sixteen. The following brief analysis shows what was gained and lost:

Section One. The old law prohibited children under fourteen years to work in eight classes of industry. The new law applies to every industry, except three, namely, farm and domestic work and canning fruits and vegetables. The last permits children twelve to thirteen years of age to work in canning factories during vacation—June 1 to October 1, and this permission is a backward step; but the advance in the section is much greater than the loss as it applies the fourteen-year prohibition to a vastly greater number of industries including messenger service, telegraph, telephone, delivery service, all peddling, all street trades, hotels and restaurants, office work of all kinds, theatres, bowling alleys and amusement places of all sorts; livery stables, garages, blacksmiths and horse-shoeing, meat and other little shops and the market, railways and street car companies and many other minor employments.

Section Two. The old law restricted work to ten hours a day or sixty hours a week. The new law prohibits child work under sixteen years of age in any case over nine hours a day or fifty-four hours a week, and unless the parent consents in writing the child can work but eight hours a day or forty-eight hours a week. This amounts practically, therefore, to a nine-hour a day limitation for children fourteen or fifteen years of age.

Section Three prohibits the work of all children under sixteen after six P. M. and before seven A. M. This is all we asked, and this section is of

¹The street trades bill failed of passage; so did the bill to permit the employment of children in the theatres.—Ed.

great value to the children of the state, as it will stop night work in glass factories, messenger service, telegraph, telephone and all delivery work, canneries and in the numerous places in the larger cities where young children have been employed heretofore at night. The old law merely prevented girls working in manufacturing establishments between ten P. M. and six A. M.

Section Four relates to injurious occupations. Heretofore there were no such provisions in our law. Children under sixteen cannot work in tobacco factories, hotels, theatres and amusement places, and boys under sixteen and girls under eighteen cannot work about breweries, saloons, concert halls and where liquor is made, bottled or packed, or in making matches or high explosives. Also, girls under eighteen cannot work in any business which keeps them standing constantly.

Section Five relates to dangerous machinery and is conspicuously in advance of the old law, which applied only to running elevators. The new law prohibits children under sixteen assisting in or operating dangerous machinery. We asked it for boys under sixteen and girls under eighteen, but since few girls do this kind of work, we lost little by their age being put at sixteen. We, therefore, in this section added two years' protection to children operating dangerous machinery.

Section Six. The penalty clause was changed and makes a jail sentence compulsory for a second or subsequent offense.

Hereafter we need to repeal the canning amendment in section one and change section two to a straight eight-hour day.

Our other bills received little attention because of the overshadowing struggle on the main bill. One was an educational bill requiring children between fourteen and sixteen to go to school if not employed, and providing better proof of age. The other was to raise night messenger service to eighteen years. The bill which passed met the first section of this bill, and brought night employment up to sixteen.

CO-OPERATION.

Too high praise can hardly be given to the Indiana State Federation of Labor for its constant and zealous support of the child labor bill in the legislature. Those to whom we feel particularly indebted are Hon. John J. Keegan, whose earnest and untiring efforts put the bill through the house in its original form; Hon. John A. Masselink, to whose committee the bill was assigned; Mr. Edgar A. Perkins, president, and Mr. Clarence Gaumer, secretary of the Indiana State Federation of Labor.

Our earnest appreciation is also expressed of Mr. E. N. Clopper, the Ohio Valley secretary of the National Child Labor Committee, who worked zealously and faithfully for the passage of the bill.

We also feel the deepest gratitude toward Mrs. Grace Julian Clarke and many other women who are members of the Indiana Federation of Women's Clubs for their encouragement and effective co-operation in the work.

While all are disappointed because the bill failed to pass in its original form, still good advance has been made, for which all friends of children will be truly thankful.

Mrs. O. H. Lockwood,

Secretary.

KANSAS CHILD LABOR COMMITTEE

We have made no new amendments this year to the child labor law, the present statute being an amended statute of 1909. We have reduced the employment of children to a minimum in the factories and workshops and other vocations mentioned in the child labor statute. An agitation for opening up the theatres to child actors and employees was defeated at the last legislature. Last year we had about twenty-one prosecutions and fifteen convictions under the present statute.

The following table of comparison with previous years indicates the continued reduction of child labor employment in manufacturing industries in this state, as a result of rigid factory inspection and the enforcement of the child labor law, after its enactment:

Year.	Total wage-earners in factories, workshops, etc.	Number of children between 14 and 16 years.
1906	27,143	909
1907	37,719	625
1908	40,303	595
1909	47,256	491
1910	55,224	139

This being an agricultural state, with only about 2,500 factories and workshops, very few of which would have occasion to employ child labor, we have not felt the necessity for further extension of the child labor law at this time; our state child labor committee has thought it better to educate the people to a thorough enforcement of the present statute before going further in this direction.

W. L. A. JOHNSON,
Secretary.

MAY 5, 1911.

KENTUCKY CHILD LABOR ASSOCIATION

The only matter which deserves mention in this report is the prosecution of theatres of a certain class for putting children on the stage.

With the growth in popularity of the "moving picture show" (we are told there are about seventy in the city of Louisville) it became the practice of the managers of these establishments to give variety to the performance by engaging children, often of tender years, to sing and dance on the stage. To escape the child labor law "amateur night" was invented. The ostensible purpose of this arrangement was, not merely to afford amusement to the patrons of the theatres, but also to afford an opportunity to boys and girls to exercise any dramatic talent of which they might conceive themselves possessed. It was accordingly held out to the public that these performers

received no pay, though it was confessed that they would compete for "prizes" offered by the management. Prosecutions inaugurated by the inspector developed the fact that these prizes were always in the form of money, and that each performer invariably secured a "prize." As a matter of fact, children with talent for this work made a practice of performing at some one of these theatres practically each night in the week, and generally had an understanding with the proprietor of each theatre in which they performed that they would appear regularly at his place on certain fixed nights in each week.

The prosecutions against these theatres were in the main successful, and appeared to have established the four following propositions of law which ought to have been sufficient to put a stop to the practice:

1. That it is illegal to employ children under fourteen years of age on the stage of a theatre at any time. "*Commonwealth vs. Walnut Street Theatre*;" Court of Frank Dacher, J. P.

2. That it is illegal to employ children between fourteen and sixteen years of age on the stage of a theatre after seven o'clock P. M. "*Commonwealth vs. Story Avenue Theatre*;" "*Commonwealth vs. John Dupre*;" Jefferson Circuit Court. In this case a fine was also imposed upon the father of the child for permitting the child to appear.

3. That "amateur nights" are a violation to the statute. "*Commonwealth vs. West Broadway Theatre*;" Court of Frank Dacher, J. P. In this case the prosecuting witness, a girl, testified that she appeared at this theatre about two nights a week, on an average, receiving no salary, but on each occasion receiving a "prize" of \$4.00 in money.

4. That a copy of the statute must be posted in each theatre. "*Commonwealth vs. Avenue Theatre*." "*Commonwealth vs. Walnut Street Theatre*." Court of Frank Dacher, J. P.

As stated above, these decisions put the labor inspector in a fair way to stop the practice entirely, but presently along came Mr. Francis Wilson, playing "The Bachelor's Baby," and almost shipwrecked us. The inspector haled Mr. Wilson into court and that genial gentleman so irradiated the court with the sunshine of his personality that everybody turned his back on the statute to applaud the story of Mr. Wilson's early struggles and to congratulate the young person who was the bachelor's baby each evening on being so happily situated. Mr. Wilson was dismissed amid universal approbation, the employment of juvenile Thespians received a new impetus and Pat Filburn, the inspector, had to begin his fight over again. Fortunately he has a truly Celtic proclivity for a fight and to-day he has an agreement with every theatre in the city of Louisville, where children were formerly employed, that the practice should cease. And it has ceased.

This experience has exposed what we think is a fault in our statute. It does not mention a theatre by name as one of the places where children under fourteen shall not be employed. We are pleased to note that the draft of a "Uniform Child Labor Law" recently sent out by the National Child Labor Committee, prohibits the employment of children under sixteen in a theatre.

GENERAL ENFORCEMENT.

We think it may be fairly said that the child labor law is being well observed in Kentucky. It is a matter for congratulation not only that the predictions of disaster from the adoption of this legislation are contradicted by the result, but also that the prophets of evil themselves have not only acquiesced in the regulation, but have quite generally come to regard it as desirable. The labor inspector says he is now having practically no difficulty with the large employers. The great majority of prosecutions have been against persons in a small way of business and violations by such persons are becoming more and more rare. For this result we have to thank not only the good sense of employers, but also the perseverance and courage of Mr. Filburn, the state labor inspector. It seems to us perfectly obvious that we ought to have more inspectors, certainly one more and probably three. With such a staff we believe Kentucky could show a pretty clean bill of health in respect to the employment of children.

MARCH 1, 1911.

LAFON ALLEN,
President.

LOUISIANA CHILD LABOR COMMITTEE

At the present time the Louisiana State Child Labor Committee is paying seven scholarships. That is to say, seven children representing seven homes are kept in school by the committee. In these cases the home is dependent upon the child's labor for support. The committee pays weekly to the family of the child the amount of money the child would make if it were laboring in the factory. This scholarship is granted after an investigation of the facts by the factory inspector of the parish of New Orleans.

At the meeting of the state legislature last spring, an attempt was made to repeal that portion of the Louisiana child labor law prohibiting children appearing in theatres as wage-earners. The attempt was defeated, and the law remains intact.

We have about two hundred and fifty members. The revenue of our state organization is made up of dues (one dollar per member), donations from friends and five hundred dollars annually from the city of New Orleans.

APRIL 15, 1911.

C. C. HENSON,
Secretary.

MAINE CHILD LABOR COMMITTEE

When the first bills in behalf of child labor reform were presented to our legislature six years ago raising the age limit from twelve to fourteen years for any child to work under any conditions; and also making the cer-

tificate of age more authentic by having it signed by some official rather than the parent, agents and lawyers of nine of the largest cotton corporations in the state, and the representatives of the canning industries appeared in opposition. They were rather amused at our presumption in interfering with their long established customs, and expected soon to convince us of the uselessness of our efforts. However we carried both measures, except that regarding age in sardine canneries, and we have carried every measure presented since. The fact that all the bills advocated by our Maine committee were passed at this session of the legislature, proves conclusively that the people of this state have been educated to the needs and conditions of the women and child workers. At the hearings, no one appeared to oppose the bills; but that does not indicate lack of opposition. The following bills were passed as amended:

(1) Vesting in the commission of labor and industry and state factory inspector, all authority heretofore vested in the commissioner of the bureau of industries and labor statistics, and in the inspector of factories, workshops, mines and quarries. The commissioner shall appoint a deputy state factory inspector and clerk of the department; and a woman factory inspector. He may also employ special agents and such other assistants as may be necessary.

(2) The exemption of canneries from the provisions of the child labor law is repealed, except in the regulation of hours.

The consolidation of the offices of commissioner of labor and factory inspector does away with conflict of authority, and the appointment of a woman inspector to look after the interests of women and children has long been sought by those interested. The Maine Federation of Women's Clubs has been active for six years in urging such an appointment. We hope we may find among its number some woman who will accept the position. All realize the importance of getting the right person in the beginning when she will be watched by both friend and foe with much interest and anxiety. Of one thing she will be sure, the sympathy and backing of a large majority of the people of the state.

ELLA JORDAN MASON,
Secretary.

MARYLAND CHILD LABOR COMMITTEE

This committee is conducting through a field secretary a study of child labor conditions in the state. This will extend over two years, and will conclude with a legislative campaign for provision for adequate enforcement of the law, and perhaps also for a higher age limit and a more inclusive law. The study is intended to show the present administration of the law, and the kind and extent of existing violations. It also includes an investigation of child labor in the occupations exempt from the application of the present law, and the effect of such exemption on school attendance. Aside from this, the study is very similar to the one made last year by the Wisconsin State Bureau of Labor.

The committee feels that the administration of the present child labor law in this state is such as to make further legislation without significance; therefore it has committed itself to a plan of action which aims to remedy this condition before attempting to extend the law.

Without any action on the part of this committee, two acts affecting the employment of children were passed by the legislature of 1910. The Consumers' League claims the credit for securing the law which prohibits the employment of children for more than ten hours a day. A law intended to regulate the employment of messengers was also passed, supported by several individuals who had become interested in this one phase of child labor. But as this law makes no provision for its enforcement, it is practically without force.

There is a movement now on foot, emanating from the State Federation of Women's Clubs, to secure a state-wide compulsory education law with the age limit of 14 years. The State Child Labor Committee will co-operate with this movement as far as it will be advisable for the success of both movements.

JOSEPH C. JUDGE,
Secretary.

MASSACHUSETTS STATE CHILD LABOR COMMITTEE

Four needs were outlined a year ago—a legislative campaign to cure five deficiencies in the law, a more comprehensive state inspection system, more accurate statistics and investigations, and more enlightened public opinion. The large legislative campaign was the most important work our Executive Committee accomplished in 1910. Five bills were presented to the legislature, three of the five were passed. Another bill, which the committee opposed, was defeated.

The most far-reaching of the three laws passed is the medical inspection law, which requires that children between fourteen and sixteen years of age, when they apply for their permit to work, must be examined by a school physician. This law affects about 20,000 children yearly. The school physician must certify that each of these children is in sufficiently sound health and physically able to perform the work which he intends to do. In one year 521 minors in factories were found by state inspectors of health to be physically unfit for the work. The new law will not only be valuable in keeping out of the mills hundreds of children in poor health, but will be an additional check upon the age of the child. It was put into effect throughout the state on August first.

The street trades law was improved by imposing a penalty upon the person who is really responsible for the illegal employment, rather than upon the child. When the penalty fell upon the child, the courts were unwilling to inflict severe punishment and the law had little terror. Placing the penalty upon the adult also, is a revolution in the fundamental principles of street trade regulation.

The dangerous trades law prohibits the employment of children under eighteen in occupations declared injurious by the State Board of Health. Twenty-four industrial processes have already been declared injurious.

Two of the bills introduced by the committee were defeated—the eight-hour bill and the night-work bill. At least five thousand children, fourteen and fifteen years of age, are still employed ten hours a day, and many work at night until eleven or twelve o'clock. The eight-hour bill was opposed not only by the manufacturers, but also by the labor organizations on the ground that it would interfere with the passage of their fifty-four hour bill for women and children. The constant reduction of hours of labor has benefited fourteen-year-old mill children least of any class. In forty-three years their hours have been reduced only four hours a week,—from sixty hours in 1867 to fifty-six hours to-day.

THE ANNUAL THEATRE FIGHT.

The campaign was interrupted by the appearance for the third consecutive year of the theatre managers' bill to secure an exemption from the fundamental child labor law prohibiting the employment of children under fourteen. This bill was defeated as in previous years, but with considerably more effort on account of the one-sided publicity secured by the press agents of the theatre managers. So greatly over-emphasized was this part of our work that newspaper stories may have caused you to believe that our one purpose in life this year has been to stifle the genius of little Joseph Jeffersons and to bar Shakespeare from Boston. The system of compulsory education under fourteen has long been established in Massachusetts, and no industry has yet been granted an exemption from it. This system has been decided to be, in the words of Dr. Eliot, "universally beneficent" and the theatre managers have been unable to show any reason for exemption from it.

The plays in which children are used are very rarely such as give the child any education through that contact with the best literature of the ages, of which Francis Wilson speaks. They are generally comic operas or modern problem plays in which the parts taken by the children are silly, pert or at best pleasingly childish,—but not in the least educational. The argument that many great actors began as children is the same argument which is used for other forms of child labor. Because Lincoln and Garfield left school and went to work before they were fourteen and yet succeeded, it does not follow that the system of compulsory education is bad. Of the sixty-five stars who appeared in New York in 1909, only ten appear to have been on the stage before their fourteenth birthday. From the actors of two centuries Mr. Wilson is able to name only 144 who began as children, a very small per cent of the entire number. If the argument from the careers of great actors proves anything, it proves that genius more often develops in those who begin after fourteen. The Massachusetts Legislature has decided three times now that in Massachusetts at least, education in public schools does not stifle genius.

The amount of schooling required before children can go to work is less in Massachusetts than that prescribed by eleven other states, which require a certain test in elementary arithmetic, geography and spelling. In Massachusetts the only requirement is the reading of simple sentences from the Second or Third Reader and the writing of a sentence. Factory inspectors state that they often find children at work in the factories who cannot make themselves understood in English, and for whom they have to get an interpreter. Attention ought to be given to this matter of the educational requirement as soon as possible.

Some defects in the system of issuing age certificates, proving age, have yet to be cured, as well as defects in the system of enforcing night school attendance.

SUCCESS OF NIGHT MESSENGER BILL.

It seemed best to the Executive Committee to concentrate our legislative efforts this year upon one principal measure,—the bill to prohibit the employment of minors in the night messenger service. Child labor in mills ruins children physically and mentally,—the night messenger service ruins children morally. Wherever public prostitution is found the night messenger service is invariably used as a part of the system. Messengers are familiar with the houses and with the cheap hotels to which prostitution is being driven, are sent to and from them with messages and come into the closest contact with the most degrading side of life.

A part of the night messenger's business is of course the delivery of telegrams of great importance, but this is only a small part. The calls which appeal most to the messenger are those "specials" in which he receives large tips for service connected with immorality or crime. Chinese restaurants, opium dens, kitchen barrooms and places of assignation are the field in which he works. The messenger companies attempted to draw the teeth of the bill by reducing the age limit from twenty-one to eighteen years. The Legislative Committee which had the matter in charge was at first very strongly in favor of the eighteen-year limit. Their opinion was changed, however, through the efforts of a special auxiliary committee and through the efforts of 275 organizations and clubs throughout the state which had endorsed the bill.

Considerable debate in the House of Representatives occurred in regard to the age limit, but the legislature was finally convinced that the twenty-one year limit was necessary and the bill was passed in that form.

NEED FOR A CO-ORDINATED SYSTEM OF INSPECTION.

The need of a more adequate system of inspection to discover violations of the child labor laws has long been evident. The commission appointed this year to investigate the subject has heard a large amount of evidence which reveals clearly the insufficiency of the present inspection. The system is too much decentralized; a part of the work is done by a division of a department of the District Police, another by a department of the

State Board of Health, and other parts by local truant officers, school departments and police. There is no central bureau of experts to consolidate these various agencies.

Health inspectors find children under fourteen at work and are not required to report them. A police inspector is not required to report children physically unfit for their work. The health inspector who examines the child in the factory is not in touch with the school physician who examined him before he entered the factory. The police inspector who inspects the working certificate is not in connection with the truant officer who issued it. In one city, a number of forged birth certificates were found, and it is probable that there are many similar violations throughout the state.

The inspectors themselves state that when they first look at the children they find sometimes as many as one-third or one-half who appear to be under fourteen. The children are found to have certificates, however, and the inspectors rely upon these.

We need a consolidation of all these authorities under a central expert department, with actual control over state inspectors and advisory control over local authorities. It is estimated that there are about 30,000 children between fourteen and sixteen years of age employed in Massachusetts. Of these only about 17,000 are discovered by the inspection system. The double system is largely to blame for this. Consolidate the two groups of inspectors, arrange their work effectively and a long step will be taken toward covering the entire field.

Last year we secured the passage of a law prohibiting the employment of minors in dangerous occupations. The State Board of Health can look after such occupations as are injurious to the health internally. These injuries from dusts and acids are, however, less numerous and less important than the accidents which are constantly befalling children who work at dangerous machines. Medical inspectors do not and cannot concern themselves with the construction of dangerous machinery. The only logical way to handle this most important matter is to have one Board which shall concern itself with all the dangers in factories,—it to use medical experts as far as necessary to advise about dangers to health, mechanical experts to advise about the mechanics of dangerous machinery and one body of inspectors to enforce such regulations as are adopted.

RICHARD K. CONANT,
Secretary.

MICHIGAN CHILD LABOR COMMITTEE

The state legislature in the session recently ended, passed an act changing some of the details of our child labor law. The method of issuing working papers was slightly modified. No children under eighteen years of age may hereafter be employed in the messenger service between

the hours of 10 P. M. and 5 A. M. A clause was inserted allowing traveling theatrical companies to employ children of any age.

Little interest is manifested in the state in regard to child labor. Our big problem is in connection with the enforcement of existing legislation.

FRANK T. CARLTON,

Secretary.

MAY 6, 1911.

INTER-CHURCH CHILD LABOR COMMITTEE, GRAND RAPIDS, MICHIGAN

Many interesting discussions have been held on such subjects as neighborhood and social settlement work, playgrounds, industries of children, making our churches and schools more effective as social centers, and housing conditions.

Members of the Committee are doing good work along all these lines. A special committee has been appointed to work with a similar committee from the Board of Trade to investigate and report upon the housing conditions in our city. Many of the schools are being used as social centres, for lectures, clubs, and various other things, including night schools. We also have Fathers', as well as Mothers' Clubs, organized to promote the welfare of children.

The state law which went into effect two years ago, limiting the hours of work for women and children to fifty-four a week, is working satisfactorily. It was contested in one or two instances, but the State Supreme Court sustained its constitutionality.

At the recent session of the legislature, an act was passed amending the Child Labor Law. The age of night messengers was raised from sixteen to eighteen years, when employed between 10 P. M. and 5 A. M.

A bill to provide means whereby children of indigent parents, within school age, may attend school, was also passed, and signed by the Governor. This bill provides that not more than three dollars per week to any one child, nor more than six dollars per week to any one family, may be paid during the school year.

This committee will continue its membership as sustaining member of the National Child Labor Committee.

MRS. H. GAYLORD HOLT,

Chairman.

MAY 15, 1911.

MINNESOTA CHILD LABOR COMMITTEE

Early in the session this committee introduced, through the Labor Committee of the House, a new child labor bill. This bill made a number of

necessary changes for better enforcement, eliminating several ambiguous clauses, and repealing superfluous sections. It also eliminated the poverty plea as an excuse for granting certificates of employment; it established a minimum fine of \$25; it required an examination of fitness for employment by a physician designated by the school board; it prohibited the employment of girls under 21 years of age as messengers and boys under 18 as night messengers; it had incorporated the censorship features of the New York law relative to children employed in theatres and provided for an eight-hour day.

The bill passed the House of Representatives unanimously, and was held by the committee in the Senate for several days. The committee amended it, making the penalty a misdemeanor, on the grounds that the constitution of the state prohibited excessive punishment, and the point was raised that this might invalidate the measure.

This delay resulted in no action being taken until the last night of the session, when the bill was passed unanimously under suspension of rules. The amendment of the Senate made it necessary to return the bill to the House for concurrence. There were only two other bills before it when a motion to adjourn was made and carried, so the bill was lost. Another fifteen minutes and Minnesota would have had the best child labor law of any state in the Union.

GAINS.

However, the legislature passed a new compulsory education law, which is a decided improvement over the old. It provides, among other things that a census of children of school age must be taken annually by the clerk of the school board in every school district. Applications for excuses must be made in writing to and allowed by a vote of the board. Poverty is no longer an excuse. Opposition to the measure has been partly eliminated by permitting the excuse of children over fourteen in rural districts, between April and November, to work at home; and by permitting excuses for religious instruction for children of all ages. The county superintendent is expected primarily to enforce the law, but the Commissioner of Labor is also required to assist, and is given power to revoke improper excuses. Employers of children not excused may be prosecuted under this act.

The delinquency law of this state was amended to permit any resident of the state to file information. This will enable factory inspectors to act in all parts of the state in cases of delinquency.

A bill was passed requiring local truant officers to file an annual report with the State Superintendent of Public Instruction, of all cases investigated, and the disposition thereof. This will enable us to gather more adequate statistics on the number and causes of truants and non-attendants.

DECREASE IN NUMBER OF CHILDREN EMPLOYED.

The Twelfth Biennial Report of the Bureau of Labor, recently issued, shows that the child labor situation in the state is steadily improving. The

Bureau made the most complete inspection in its history during the past two years, and shows the total number of wage-earners to be 283,937. Of this number 1,137, or four-tenths of one per cent, were children under sixteen.

The total number of employment certificates issued by superintendents of schools was 1,707 for the year ending July 1, 1909, and 1,545 for the year ending July 1, 1910. The latter number is a reduction in two years of 15.4 per cent.

The reasons ascribed for granting certificates were as follows:

	1909.	Per cent of total.	1910.	Per cent of total.
Poverty	1125	65.9	955	61.8
Graduates of eighth grade.....	302	17.7	303	19.6
School record over seventh grade...	264	15.5	273	17.7
Doctor's certificate	11	2.9	6	2.9
Incorrigibility	2	....	1	2....
Attending business college .....	....	....	2	2....
Reasons not given	3	2....	5	2....
Total	1707	100.0	1545	100.0

From this it will be seen that the number issued for poverty decreased and the number issued to graduates of the eighth grade increased. The increase is more marked when considered in conjunction with the reduction in the total number of certificates issued.

PROSECUTIONS.

In the number of prosecutions for violation of the child labor law, the showing of the department is very poor. Only nine employers were prosecuted. This was partly due to the fact that the law provided that where a child was apparently under sixteen years of age the employer had ten days in which to furnish evidence of age. Failure to do so was to be *prima facie* evidence of guilt. The section relating to the penalty for violation contained these words, "or whoever continues to employ any child after being notified by a truant officer or the Commissioner of Labor, shall for every day that such employment continues, be fined not less than \$5.00 nor more than \$20.00."

The prosecuting attorneys of the larger counties held that no prosecution could be had until notice was served on the employer, and he could safely employ a child until discovered by an inspector. What was intended was to place the burden of proof upon the employer, but under their construction it became a protection from prosecution. It was for this reason, among others, that an effort was made to adopt a new law. The Child Labor Committee is greatly disappointed at the results, after being so near success, and

²Less than one per cent. Total aggregation .9 of 1 per cent.

the work will be carried on indefatigably during the next two years with hope of better success.

F. E. HOFFMAN,
*Statistician, Minnesota Bureau of
Labor, Industries and Commerce.*

APRIL 19, 1911.

CHILDREN'S PROTECTIVE ALLIANCE OF MISSOURI

This Alliance urged in the legislative session just closed the passage of two bills, and it was largely through our efforts that they finally became law. They are given in detail elsewhere in this volume, by E. N. Clopper, Secretary for the Ohio Valley States of the National Committee.

BRUCE STARKE,
Secretary.

APRIL 18, 1911.

NEBRASKA CHILD LABOR COMMITTEE

During the last session of the Nebraska Legislature, several bills were submitted by the State Labor Commissioner, with the endorsement of the State Labor Committee and other organizations. They were aimed to strengthen the Labor Bureau, as to factory inspection and better regulation of female labor; but so many political questions engaged the attention of the law-makers that humanitarian measures were not taken into account. We have been very chary of bringing the child labor law up for amendment, not caring to take any chance of having it trifled with; and we hoped to better the situation in the particulars mentioned by amending the general labor bureau law.

However, up to this time the child labor law, complemented by the compulsory education and the juvenile delinquency acts, is doing its work fairly well, except it is the business of no one in particular to watch its daily enforcement, and we had hoped to secure this through a woman factory inspector.

JOHN J. RYDER,
Secretary.

MAY 8, 1911.

NEW YORK CHILD LABOR COMMITTEE

LEGISLATIVE GAINS.

At the 1910 session of the New York Legislature, in addition to a number of administration measures strengthening the labor law relative to sanitation of factories, two important child labor bills were enacted into law. The

most important was the Murray Night Messenger Bill, prohibiting employment, in cities of the first and second class, of boys under 21 years of age in the distribution or transmission of goods or messages between 10 P. M. and 5 A. M. Practically no opposition to this restriction was incurred. The evidence presented by the agents of the National Child Labor Committee at the legislative hearing indicated so clearly the imperative need of removing all boys from night work in our large cities, that the bill was passed unanimously, one member of the legislature even advocating a similar prohibition against day messenger service. The other bill amended the mercantile law so as to bring under its jurisdiction children employed as pin boys in bowling alleys or as ushers, checkers, or vendors of articles in places of amusement.

Through the combined efforts of labor unions, consumers' leagues and child labor committees, a bill introduced at the request of proprietors of canning factories, to make an exemption in favor of longer hours for female workers over sixteen in this industry, was defeated after a hard fight.

INVESTIGATIONS.

During the summer of 1910 with the co-operation of the National Child Labor Committee and the National and State Consumers' Leagues, an investigation was conducted, of the employment of women and children in the canning factories of the state. About thirty factories were visited, the investigators hiring out and working as regular employees. Much valuable data was thus secured. Conditions of work last summer were found as bad as in former years with respect to the employment of children five years of age and upwards in the sheds adjoining the canning factory proper; and the employment of girls over sixteen, excessive hours and during the night in the factory proper. Supplementing this summer investigation, an exhaustive inquiry was made in three Buffalo schools, as to the attendance and grade of the pupils who went to work in nearby canning factory sheds during the 1910 season. It was shown that of 103 cannery child workers, each missed on an average over seven weeks of schooling, and as a result, more than sixty per cent of the cases, either failed of promotion, or were conditioned. The data secured in both investigations are now being compiled for a legislative campaign, the purpose of which is to secure legislation to bring clearly under the law's jurisdiction, the employment of children in cannery factory sheds.

The Committee has continued the plan of having two paid representatives, one in Manhattan and one in Brooklyn, located at the health office where working papers are issued to children, to aid them in securing satisfactory documentary proof of age. This service has been much appreciated by the officials and by the children themselves. As a source of information regarding the actual enforcement of the laws, we find this work valuable.

SCHOLARSHIPS.

The Committee has also continued, by means of scholarships, to aid families which otherwise might put their children to work contrary to law.

These scholarships—a weekly cash allowance of \$1.00 to \$3.00—are awarded only after careful investigation to such cases in which the facts indicate that the enforcement of the child labor law is the chief factor in the family's hardship. Scholarships are conditioned upon regular school attendance and are continued until the child is qualified for legal employment or until improving conditions in the home warrant withdrawal of outside aid. Last year 103 such scholarships were awarded. A much larger number were refused because investigation showed no real need, or that relief was more within the scope of regular relief societies. These scholarships also furnish valuable evidence regarding law enforcement by school officials and labor department inspectors.

EXTENSION OF WORK.

The New York Committee has added to its force, Mr. Zenas L. Potter, as field secretary, with headquarters at Buffalo. He is giving special attention to a study of law enforcement in the western part of the state, and will co-operate in the legislative campaign at Albany. As a result of his efforts a strong Buffalo Child Labor Committee, composed of leading citizens, has been organized as an auxiliary to the State Committee.

PROGRAM FOR 1911.

The Committee expects to continue its various activities. It will seek to bring cannery-shed child-workers under the law; to amend the newsboy law; to raise the minimum age from ten to twelve years; to prohibit work after 8 P. M., instead of 10 P. M., and to secure the appointment of a legislative commission for a study of the problem of manufacturing in tenement houses, particularly in New York City. It is further expected that the work of the Committee will be strengthened in the larger up-state cities, through investigations conducted by the field secretary, and through the organization of additional auxiliaries.

GEORGE A. HALL,
Secretary.

NORTH CAROLINA CHILD LABOR COMMITTEE

The North Carolina child labor law of 1907 provides that "no child between 12 and 13 years of age shall be employed or work in a factory, except in apprenticeship capacity, and then only after having attended school four months in the preceding twelve months;" that "not exceeding 66 hours shall constitute a week's work in all factories and manufacturing establishments in this state;" and that "no boy or girl under fourteen years of age shall work in a factory between the hours of eight P. M. and five A. M."

In 1909 our Child Labor Committee tried to have the age limit raised to 14 years, to prohibit night work for women and children under 16 years

of age, to provide some machinery by which factories could be inspected, and to reduce the working hours. The bill making provision for these reforms passed the North Carolina House of Representatives during the legislative session of 1909, but failed in the Senate.

The North Carolina Child Labor Committee met at Raleigh on September 30, 1910, and formulated the following legislative program for 1911:

1. That the age limit be raised to 14 years.
2. Reduction of the present 66 hours a week to not exceeding 60 hours a week and making not over 10 hours a day's work.
3. Prohibiting night work for children under 16.
4. A provision for factory inspection under the State Department of Labor.

In January, Hon. R. H. Battle, of Wake county, introduced a bill in the North Carolina Legislature, embodying the committee's program. This bill was strenuously opposed by the Manufacturers' Association and failed to receive a majority vote in either branch of the General Assembly. But a separate bill making 60 hours instead of 66 a week's work received a majority vote of both branches of the Assembly and finally became a law. This also received considerable opposition from the Manufacturers' Association, which urged that no labor legislation be enacted then on the ground that the cotton textile industry was languishing, that the mill operatives had not asked for any legislation, that the children were better off in the mills than on the farms from whence they came, and that those who advocated the proposed legislation were fanatics and visionaries who would cripple the state's second largest industry if listened to. The result is that North Carolina has still to win the battle for the factory children, two years hence or at some future time.

CHARLES L. COON,
Secretary.

APRIL 28, 1911.

OHIO CHILD LABOR COMMITTEE

The Ohio Child Labor Committee takes pleasure in reporting for the year 1910, the passage of two important bills by the state legislature. One of these new laws provides that boys under the age of eighteen years shall not be employed as messengers anywhere in the state between the hours of 9 P. M. and 6 A. M. The object of this measure is to prevent the employment of youths in connection with the evil features of city life after dark, inasmuch as the night messenger service consists very largely in running errands for the characters of the underworld. The legislature passed this bill after having heard the evidence gathered by the National Child Labor Committee in a study of conditions existing in the larger cities of the state. This provision was made to apply to boys only, inasmuch as the child labor law already prohibited the employment of girls under eighteen years at night in any gainful occupation.

The other new law secured relates to the issuance of employment certificates to children fourteen to sixteen years of age. It provides that such children must have passed satisfactorily an examination in the studies prescribed for the fifth grade of the common schools, in order to be eligible for the employment certificate, and in default of such educational qualification such children must attend school until sixteen years of age. Children fourteen to sixteen years of age must either attend school or be regularly employed; to aid in the enforcement of this provision the law requires that the employer must return the employment certificate of a child to the office of the Superintendent of Schools within three days of the date of the child's withdrawal or dismissal from his employ, thereby keeping the Superintendent of Schools informed as to the industrial history of such children and enabling the truant officers to keep in school those children under sixteen years of age who are not employed. This last feature of the new law has already been endorsed by some employers who state that it contributes to make children more constant in their work because they do not like to return to the office of the Superintendent of Schools to secure a renewal of the certificate. The law provides also that before receiving its employment certificate a child must secure its prospective employer's written agreement to employ the child in conformity with the state child labor law.

The movement for industrial education has been given a decided impetus in Ohio by a further provision of this law which authorizes Boards of Education to require children between fourteen and sixteen years of age who are regularly employed to attend part-time day schools not to exceed eight hours a week, between 8 A. M. and 5 P. M. during the school term. Such a school has already been established in Cincinnati for machine shop apprentices and another similar school for girls will be established this year.

ALBERT H. FREIBERG,
Chairman.

MAY 1, 1911.

THE WARREN (O.) CHILD LABOR LEAGUE

There is little to report from the League. The Superintendent of Schools reported a plan a year ago that he thought would enable him, together with the truant officer, to accomplish better results than hitherto. He was given free hand to carry out the plan, and it has been thought best to wait until the end of the school year before inquiring for results. If the work can be done as he proposes, it will be done as part of his official duty, not as a member of the League.

PHEBE T. SUTLIFF,
Acting Chairman.

MAY 2, 1911.

OREGON CHILD LABOR COMMISSION

Sentiment in favor of the restriction of child labor through legislation is steadily growing in strength, as well as in standard in this state. At the last session of the legislature—February, 1911—amendments were offered

placing the entire enforcement of the law in the hands of the commission of five members all of whom serve without pay with the exception of the secretary who, after May 20, will receive a salary of \$125.00 per month and traveling and office expenses. For the first time in the history of the law—originally passed in 1903—there has been an appropriation for the child labor work. Under the old law, the issuance of age and schooling certificates was in the hands of school superintendents and it was part of their duty to be advised as to the character of the work the child was about to do. As it is an added burden for the school people and manifestly unfair to expect them to be acquainted with factory conditions or the working conditions in shops or stores or messenger service, it was deemed wise to place the full responsibility on the Child Labor Commission, whose direct duty it is to know all about the working conditions, as well as to be perfectly sure as to the physical fitness of the child who is to do the work.

The messenger service was also a troublesome factor, although for the past year, the Western Union has not employed boys under the age of 16 in its service. When, however, an effort was made to raise the age limit to correspond with the New York law, war was promptly declared, and a lobby sent to the legislature to defeat the bill which offered the amendment raising the age limit for day work from 14 to 16 and for night work between 10 P. M. and 5 A. M. to 18 years of age. The bill, however, was passed and Oregon, as far as telegraph, telephone and public messenger service is concerned, is in the front rank.

COMPULSORY EDUCATION AGE-LIMIT RAISED TO 15 YEARS.

Another important advance came through the amendment to the compulsory education law, which raised the compulsory age limit from 14 to 15 for the entire school term. This makes it impossible for any child under the age of 15 years to receive a permit for work during the school term. According to the compulsory education law, truant officers are also held responsible for the enforcement of the child labor law and it will be the policy of the Commission to co-operate very closely with these officers in the outside communities. As the bulk of the work is in Portland, most of the factories being located there, the office of the Commission will be in that city, and it will be necessary to maintain supervision from that point over the balance of the state.

One of the most hopeful things which has grown out of the child labor agitation in this state, is the increased interest in industrial education. We have in Portland a splendid trade school, and it is an astonishing fact that many a child has been saved from the store and the factory through his application for a permit to go to work. He was told of the possibilities of learning a trade in the trade school, and it was an exception to have him return for his permit, once induced to visit the trade school. It has been a most serious reflection on the present educational system, that children who saw no future for them in the regular grades, were so keen to appreciate the advantages offered in a school "that showed us how to do things," instead of "jest tellin' us how."

The Commission has adopted the policy of avoiding arrests, preferring to hold the offending firm to the promise—under threat of prosecution for the first offense as well—that if allowed to go this time, there would be no further violation. In this way, a number are on the parole list, as it were, and are careful to observe the law. When children falsify as to their ages, they are brought into the Juvenile Court, and the parent as well as the child, admonished by the judge. With Child Labor Commission, Juvenile Court and truant officers working in close co-operation on the one hand, and with Charity Organization Society and the Consumers' League with its child labor scholarships co-operating with the Commission on the other hand, we bid fair to accomplish good for the children and for the state.

MILLIE R. TRUMBULL,

MAY 13, 1911.

Secretary.

PENNSYLVANIA CHILD LABOR ASSOCIATION

The Pennsylvania Child Labor Association has continued the policy established in 1909, of doing its work from two offices, one in Philadelphia, where the secretary is located, and one in Pittsburg, in charge of the assistant secretary, who is also secretary of the Allegheny County Child Labor Association. The expenses of the Pittsburg office, including the salary of the assistant secretary, a total of about \$2,000, are carried by the local association in that city, while the expenses of the main office and the general state work, \$6,000 a year, are raised chiefly in Philadelphia.

ENFORCEMENT.

The year 1909-1910 being a non-legislative year in Pennsylvania, the Association's work was principally concerned with the enforcement of the compulsory education law and the child labor law passed in 1909. School officials had had the new duty placed upon them of issuing employment certificates, but in this, as well as in the enforcement of the compulsory education law, they were entirely unsupervised by any state authority. As a result, the certificates were issued at first with all degrees of carefulness and carelessness. One school superintendent, in a city of 18,000 population, signed batches of certificates in blank and passed them out to the mills for the use of their children. He was prosecuted and fined. Many ignored the specific requirement that birth or baptismal records must be produced in every possible case as proof of age, while the most varying interpretations were placed upon the requirement that the child must be able to read and write intelligently in the English language, some using second readers as a test and one official at least requiring that the child must have passed through the seventh grade.

In order to supply in an unofficial way the supervision which was so much needed, the secretary of the Child Labor Association traveled exten-

sively during the spring of 1910. He found almost all school officials glad to learn the purpose of the law as to the issuing of certificates, and to bring their standards up to that established by the more careful officials. It was harder work to get an enforcement of the compulsory education law started in places where it had always been ignored, for this matter rested usually, not with the school superintendent, but with the more or less politically controlled members of the school board. It is pleasant to record, however, that in two districts—one a city of some importance—attendance officers were employed for the first time and put to work as a direct result of representations made to the school boards on behalf of the Child Labor Association. In another large city a complete reconstruction of the compulsory education system was made, the superintendent of schools making two trips to Philadelphia to confer with the secretary of the Child Labor Association on the subject.

In Scranton, the third city in size in the state, the compulsory education law was practically a dead letter, no prosecutions against either parents or children having been instituted for over two years. The public charge by an attendance officer that she was restrained by members of the school board when she attempted to prosecute, went uncontradicted. Repeated visits to that city were needed in order to bring together those who favored the enforcement of this important law and to make their sentiment so effective as to force a change of policy. That change took place on September 1, 1910, when the number of attendance officers was increased from two to five, and a systematic enforcement of the law along approved lines was inaugurated. That the politicians' hands have been taken off the attendance officers, is indicated by the fact that besides a score or more of parents fined for not keeping their children in school, five have been put in jail for this offense.

The most important accomplishment in Pittsburg and Allegheny City has been the transfer of the power to issue employment certificates from the thirty or more principals of schools to two men in the offices of the two school superintendents in these cities. While the issuing of the certificates was decentralized, many irregularities and great variation in standards existed. Issuance from two central points has been a great gain. In Philadelphia all certificates are issued from a single office. In all places in the state, parochial school principals are authorized to issue certificates to their children, a right which has been abused in a few instances known to the Association.

PENDING BILLS.

The fall and winter of 1910-1911 has been given over to a legislative campaign for three bills—a mines bill, fixing a sixteen-year age limit for work inside of coal mines; a night messenger bill, fixing a twenty-one-year age limit, and the so-called "glass exception" bill, repealing the "exception" in the existing law under which the glass industry is allowed to employ boys at and the night messenger bill will pass and there is a fighting chance that and the night messenger bill will pass and there is a fighting chance that the glass bill will pass. It is being vigorously opposed by the glass manu-

facturers who were able to defeat the same proposition in 1905, 1907 and in 1909. The Western Union and Postal Telegraph Companies are opposing the night messenger bill, though the latter company has announced that it is not opposed to an eighteen-year limit for night work.

The Pittsburg office of the Association has been in charge successively of Mr. W. W. Keller and Miss Clara E. Farr.

During the year, the Association has issued the following publications: "Compulsory Education in Pennsylvania," "Financial Statement, 1909-1910," "Three Boys: The Boy in the Tenderloin, The Boy at the Glass Tank, The Boy in the Pit;" "More Facts About the Three Boys," "What the Government Says About Child Labor in Glass Factories," (Extracts from the report of the United States Bureau of Labor, published March 10, 1911).

In addition, the following leaflets published by the National Child Labor Committee have been prepared by the secretary of the Pennsylvania Child Labor Association: "Newsboy Life," "Both Sides of the Poverty Question in Child Labor Cases," "Night Work and Day Sleep."

FRED S. HALL,

Secretary.

APRIL 10, 1911.

ALLEGHENY COUNTY CHILD LABOR ASSOCIATION

Supplementing the report of the Secretary of the Pennsylvania Child Labor Association, the following facts connected with the Allegheny Child Labor Association are of interest:

Six thousand circular letters enclosing the leaflet "The Three Boys" with a return post card requesting further information about the three bills pending in the legislature this session were mailed to residents of Western Pennsylvania. One thousand eight hundred of these cards returned showed appreciable interest in the bills. To these persons and several hundred others was sent a circular letter urging that they write their representatives to support our bills.

The Civic Club of Allegheny county, the Associated Charities, the Pittsburgh Civic Commissioner and individuals, at our request, have written the committee on manufactures in the legislature and the Allegheny county members of the house asking their support of our bills. Good newspaper publicity has also been received.

A new mailing list for Allegheny county and Western Pennsylvania now includes approximately four thousand names.

A Dickens' Carnival given early in March for the association netted over \$1,500 as well as good publicity. A financial appeal just sent out is bringing appreciable returns.

Miss Lillian A. Quinn, formerly of the Charity Organization Society of Buffalo, will succeed the undersigned in office after May sixth.

CLARA E. FARR,

Secretary.

MAY 4, 1911.

RHODE ISLAND COMMITTEE ON CHILD LABOR

This year the Committee on Industrial and Social Conditions of the State Federation of Women's Clubs in co-operation with the local Consumers' League and the Bureau of Social Research, by keeping in touch with the National Child Labor Committee's work, has endeavored to put a bill through the Rhode Island legislature that will forbid the employment of boys under twenty-one years of age in the night messenger service after ten P. M. and before five A. M. This measure has passed the house and its supporters believe will be carried in the senate before the close of the legislative season.

An investigation by the agent of the National Child Labor Committee showed that boys in the service here had the same vicious contact with the evils of night life that had been uncovered in other cities. In Providence by the aid of the agent a youthful night clerk of one of the telegraph companies together with an old offender were arrested for illegally selling cocaine at night.

Several hundred people attended the meeting of the New England presidents and committees of the Federation of Women's Clubs, held in Providence, January 25th and 26th; during its sessions the exhibit of the National Child Labor Committee was conspicuously shown in two rooms of the conference building. Later the exhibit was put up in the lecture hall of the Providence public library, and, through the churches, labor organizations and press, attention was called to its impressive display of pictures and charts illustrative of the evils of child labor in the various industries over our country.

MORE UNIFORM LAWS IN NEW ENGLAND.

Reports on child labor conditions in the six New England states were given at the conference by the chairmen of the several state committees of the federation. These reports followed the lines of investigation worked out by the American Association for Labor Legislation with the aim of showing the lack of uniformity existing in the several states, and the value and need of securing for a section of country so closely knit by commercial and industrial ties, more uniform laws. The conference voted to use its influence in this direction and to continue to act as a conference body in the furtherance of better child labor laws in New England.

Through the courtesy of the secretary of the Rhode Island Society for the Prevention of Cruelty to Children, its file of records was put at the disposal of the National Child Labor Committee in its investigation of the number of children acting during a specified week on the stage in Providence and Pawtucket. A study of the year's file showed that seventy licenses had been granted by the mayors of the two cities during the year. As some of the licenses were held by children acting on different occasions, the number of individual children was reduced to fifty-two, more than half of them living out of this state.

The report of the state factory inspector for 1910 gives the number of children under sixteen years working in factories, mills and business establishments in the state as 5,699. This constitutes 3.6 per cent. of the total number of workers. In the textile industries, however, where the major portion of the children are employed, the ratio is 6 per cent. For the year 1909 it was 5.8 per cent. The decrease in the number of adult workers in the textile industries for 1910 was put at 3,750, while the children were reduced by but sixty-six.

The legislation secured last year requiring among other improvements an educational test (ability to read and write simple sentences in English) from all children up to sixteen years of age, went into effect the first of January, 1911. The report of the Providence truant officer shows that in 1910 his office issued 138 employment certificates to children who had not been to our schools; 476 to children of fourteen and over who had not completed the primary school grades (first to fourth), and 2,853 to others who had not reached the eighth or final grade in elementary school work.

It is believed the educational test will send the children more regularly to school and to schools where the studies are conducted in English.

ANNIE H. BARUS,
Chairman.

VERMONT BRANCH OF THE NATIONAL CHILD LABOR COMMITTEE

The Vermont branch was organized in Burlington on September 15th, 1910. A constitution was adopted and the following officers were duly elected: Mr. Clark C. Fitts, of Brattleboro, chairman; Prof. G. H. Perkins of Burlington, vice-chairman; Miss Julia Smith of Burlington, treasurer, and Mrs. Anna Hawks Putnam of Bennington, secretary.

Through the able efforts of Mr. Fitts a bill was drafted and presented to the legislature at Montpelier during its recent session. It was passed with very little opposition, except in the Senate, and is now a law.

It raised the age limit to fourteen years for children in any railroad company, mill, factory, quarry or workshop, wherein are employed exceeding ten persons.

A section of the old law was amended by adding the word "hotel and bowling alley" to the former occupations that needed certificates for employment up to sixteen years of age.

A section concerning dangerous machinery was introduced, limiting the age to sixteen when children could be employed around specified machinery.

Employers may be obliged by certain officials to furnish age certificates and children may be withdrawn from employment until such certificates are furnished.

An intensive study of child labor has been conducted in Brattleboro this winter under the leadership of Mr. J. R. Howard, Jr. An exhaustive questionnaire was used and many important statistics were gathered.

Through the efforts of the superintendent of schools in Bennington, a number of children were taken out of the mills this spring, and the law more rigidly enforced, than it has been in some years.

ANNA HAWKS PUTNAM,

MAY 1, 1911.

Secretary.

WEST VIRGINIA CHILD LABOR COMMITTEE

The legislature of West Virginia, in 1911, passed a new child labor law which is much better than the old.

The State Committee intends taking a stand for its enforcement, as we have the co-operation of the State Superintendent of Public Schools.

The new law places the examination and the duty of issuing working permits to children under the supervision of the school authorities. Heretofore, the parents' or guardian's signature was all that was required. This new system, we feel, will give satisfactory results if the next legislature will pass a factory inspection bill. At present all inspection is in the hands of the Labor Commissioner, and his report shows no child labor conditions existing in West Virginia. He has never prosecuted a single case, although he has served several terms in this capacity.

West Virginia needs a stronger child labor committee. The present committee is planning a large public meeting this fall.

NOLA MCKINNEY,

MAY 16, 1911.

Secretary.

Annual Report of the General Secretary of the National Child Labor Committee

For the Sixth Fiscal Year ending September 30, 1910.

PREFACE

At the beginning of its sixth fiscal year the trustees of the National Child Labor Committee decided to concentrate attention for the year upon the study of three or four forms of industry in which the abuse of child labor had thus far escaped any adequate regulation. Among these were the glass industry, the night messenger service and the canning of fruit and vegetables.

Beyond these immediate demands such other work should be continued as the resources of the Committee might warrant. Accordingly, the general report for the year is prefaced by a brief narrative of what has been accomplished in relation to these industries.

THE GLASS INDUSTRY

The states in which glass manufacturing is prominent are Pennsylvania, New Jersey, Ohio, West Virginia, Indiana, Illinois and New York. New York, Ohio and Illinois have laws forbidding labor at night of children under sixteen. Bills seeking such prohibition had been proposed in Indiana, New Jersey, Pennsylvania and West Virginia and urged by this Committee. In New Jersey with its annual session five successive attempts had been made without success. The glass manufacturers and their workmen had opposed us on the ground that the industry could not live except by the night labor of these children. New Jersey was the only state of this group having a legislative session in 1910. It was important, therefore, to add New Jersey to Illinois, New York and Ohio, where the industry has been successfully conducted for eight years without child labor at night, to facilitate the 1911 campaign in Indiana, Pennsylvania and West Virginia. Accordingly we organized the forces of the New Jersey Committee, sent investigators again through the glass factories, received evidence that employment of children was steadily decreasing in importance on account of improved machinery and methods, and obtained pledges from officials of the glass blowers' union that their members would not oppose our measure this year. A lively campaign of publicity was conducted, enlisting teachers, physicians, women's clubs, churches and the public press; and in spite of the fact that the bill was in the hands of an unfriendly senate committee, we secured the enactment of a measure fixing fifteen years as the age limit at night and providing that on July 1, 1911, it shall advance to sixteen years. The bill passed without opposition in either house.

In further preparation for the work in Indiana, Pennsylvania and West Virginia next winter, we have an investigator among the glass factories in Ohio and Illinois studying the exact effects of the law. By December 1st he will have visited every factory in the two states and will be able to prove, we believe, that the prohibition of night work under sixteen has not seriously interrupted manufacture, and that it is a positive benefit to the morals, wage standards and general good of the various communities.

NIGHT MESSENGER SERVICE

We have conducted two investigations of child labor in the night messenger service, and have published reports of the demoralizing effects of the necessary association with the most vicious elements in our large cities. The first investigation covered thirty cities in nine states and involved thirty-three separate messenger companies. The evidence gathered was placed in the hands of state committees in New York, Massachusetts, Kentucky, Maryland, Ohio and Virginia. A summary of the report was also submitted to the general managers of the Western Union and the Postal Telegraph Companies, who were asked to co-operate in the prohibition of all minors in the night messenger service. A number of conferences were held, at which these officers expressed surprise at the evidence gathered and offered to favor an eighteen-year limit for night work. They declined to go beyond this. However, they did not oppose the legislation sought in New York or Massachusetts, but did offer opposition in Ohio and Kentucky. The following legislation was secured:

NIGHT MESSENGER LEGISLATION IN NEW YORK, OHIO, MARYLAND AND VIRGINIA

New York. Twenty-one year age limit between 10 P. M. and 5 A. M., cities of first and second class.

Ohio. Eighteen-year age limit between 9 P. M. and 6 A. M.

Maryland. Sixteen-year age limit at night and prohibition of sending minors to houses of ill repute.

Virginia. Law prohibiting sending minors under seventeen to immoral resorts.

In New Jersey and Massachusetts bills were introduced similar to that in New York. In New Jersey the bill was not pressed; in Massachusetts after an important hearing the bill died in committee.

In Kentucky it was deemed unwise to disturb the present statute.

GEORGIA

A second investigation was made in July, August and September, covering eighteen cities in six states not included in the first investigation. This resulted in a law in Georgia fixing a sixteen-year age limit. In Louisiana the evidence was filed with the state committee for future use, and in Kentucky was added to the former report and the committee introduced a city ordinance in Louisville excluding all minors from the night service. The

ordinance has passed the lower house of the City Council, has the endorsement of the Mayor and is pending before the Board of Aldermen.

In Indiana the evidence is in the hands of Mr. Clopper and will be used next winter before the legislature.

THE CANNERS

This committee disclaims any present intention of attempting to regulate child labor in the ordinary forms of agriculture beyond what can be accomplished through good school laws. Our investigations have been confined to the tobacco industry in Kentucky, the fruit and truck gardens of Delaware and New Jersey, and the canneries of Delaware, Maryland and New York. Evidence is also being collected by correspondence concerning seafood industries along our coasts, the beet-sugar industry, and the canning industries in states not yet visited.

INVESTIGATION IN KENTUCKY AND DELAWARE

The tobacco investigation in Kentucky helped secure a better administration of the child labor law by school superintendents, by proving that in rural communities the problem is chiefly educational. In Delaware the pastor of a leading church collected \$200 and deposited with us to help defray the expense of a study of child labor both in cities and in rural communities. An investigation was conducted, a state committee formed, the report submitted to this Committee and a strong bill is being drafted for next legislative session.

NEW YORK

In New York we co-operated with the state committee by assigning one of our investigators for nearly two months to a study of child labor in the canneries. A report of this work is filed with the New York Committee and will be used in seeking legislation next winter. The canners' association made an unsuccessful attempt last winter to secure a law granting them still further exemption, and this summer solicited the co-operation of the State Federation of Labor. To defeat this plan the New York Committee secured a hearing at the Niagara Falls Conference of the Federation of Labor on September 21, where we were able not only to prevent the introduction of the canners' resolution, but to secure the hearty endorsement of our own.

GENERAL REPORT.

I. LEGISLATION:

States in which legislatures were in session during the fiscal year 1909-10 are: Georgia, Louisiana, Mississippi, South Carolina, Kentucky, Maryland, Virginia, New York, New Jersey, Ohio, Massachusetts, Rhode Island.

Work was done in all these states either directly or through local agencies, excepting in Mississippi, where it was considered unwise to disturb a law so recently enacted. The results secured are:

In New York, laws forbidding employment of any person under twenty-one years of age as a night messenger (after 10 P. M. and before 5 A. M.) in cities of first and second class; forbidding employment of children under sixteen in bowling alleys or as ushers, checkers, etc., in places of amusement after 7 P. M.; adding several occupations to the dangerous trades law; making violation of the newsboy law a misdemeanor; revising adult delinquency law; providing that the Bureau of Immigration shall report names and ages of foreign children arriving at Ellis Island to the school authorities of their destination.

In Massachusetts, four important changes in the child labor and compulsory education laws: medical inspection as a precedent to issuance of working papers to children between fourteen and sixteen years; prohibition of employment under eighteen in occupations declared dangerous or injurious by State Board of Health; adult delinquency provision which penalizes parents who knowingly permit children under eighteen to work in street trades in violation of license regulations, or any other person who knowingly furnishes such children with articles for sale; penalty upon any person conniving in perjury of a birth certificate. An effort was made by theatrical managers to exempt children on the stage from general provisions of child labor law. A spirited controversy, in which a carefully prepared report was presented by the New England Secretary, resulted in the defeat of the measure.

In New Jersey, law forbidding night work under fifteen years, to advance July 1, 1911, to sixteen years.

In Rhode Island, laws requiring English educational qualifications of applicants for working papers and reducing hours of labor for minors in department stores.

In Ohio, law providing that no minor under eighteen shall be employed as a night messenger between the hours of 9 P. M. and 6 A. M. Also revolutionary revision in certificate feature of child labor law. Age and school certificates shall be issued by school authorities; shall certify that child has attended school for full previous school year, and has passed satisfactory fifth grade test; that children from outside the state working in Ohio shall be subject to same restrictions that apply to native children and that adequate documentary proof of child's age shall be furnished. Most important, it provides that certificates shall not be issued without written pledge of employer to employ child legally, also his written agreement to return certificate to school authority within two days of child's leaving his service, stating reason for such withdrawal or dismissal. This important point is designed to end the issuance of a general employment certificate which a child takes and goes forth hunting a job. Under this law the certificate will be issued for a specific occupation and will not be good elsewhere.

In Kentucky, law to more adequately guard issuance of employment certificates by superintendent of schools and extending provisions to cover messenger service as well as factory and shop work.

In Maryland, laws forbidding employment of messenger boys at night under sixteen and adding penalty to ten-hour law already in existence. Bill to raise age limit to fourteen died in committee.

In Virginia, law prohibiting sending minors under seventeen years to immoral resorts, also one giving additional powers to Commissioner of Labor to enforce law and appointing two factory inspectors. Manufacturers' attempt to repeal the ten hour day was defeated.

In Georgia, law regulating employment of messenger boys, fixing age limit at fourteen for day work and sixteen for night work. Two bills failed of passage: a bill shortening the hours from sixty-six to sixty per week, and a compulsory education bill.

In Louisiana, a bill introduced by theatrical managers to permit children under fourteen to be employed on the stage was defeated.

In South Carolina, failed to pass: Bills to raise age limit to fourteen years; to require birth registration; to prevent night work of children and to strike out provision of present law exempting children of dependent parents.

II. INVESTIGATION:

The principal investigations conducted during the year have related to night messenger service and other street trades; the glass industry; canneries and vegetable gardens, and textile mills. Our secretaries and agents have devoted in the aggregate to:

Night messenger service and street trades.....	13 mos.
Truck-gardens and canneries	6 mos.
Glass factories	4 mos.
Textile mills	3 mos.
General (work in localities having a variety of industries)....	31 mos.

—
57 mos.

Geographically these investigations have been chiefly as follows:

Tobacco industry.....	Kentucky.
Canneries and vegetable gardens..	Delaware, Maryland, New Jersey, New York.
Glass industry.....	Ohio, Illinois, Indiana, West Virginia.
Night messenger service.....	New York, New Jersey, Ohio, Indiana, Kentucky, Tennessee, Alabama, Louisiana, Georgia, Delaware, Maryland, Massachusetts, Connecticut, Rhode Island and Vermont.
Textile industries.....	Rhode Island, New Hampshire, Vermont, North and South Carolina.

Hook Worm.—In August Dr. McKelway accompanied your secretary through two mountain sections of North Carolina to study conditions of the so-called "poor whites," whose only refuge is said to be the cotton mill. The trip by carriage, in saddle and on foot, took us over seventy-five miles of mountain roads, but was too brief to furnish basis for a public report. We visited mountain homes in counties considered the most backward, and

went through the sections pointed out to us as most likely to show adverse conditions. Our impression was that while there are many cases of poverty, ignorance and immorality, as in other remote parts of the country, the region is not peculiar, nor the conditions depressing. The rapid development in morals, education and prosperity is everywhere evident. If thousands of children in the Southern mountains were beyond the reach of civilization a decade ago, it is not true to-day. The children we saw are apparently more rugged and healthy than those seen emerging from cotton mills in any village we visited. Our imperfect study furnishes at least foundation for belief that the rural communities are not hopeless, that the farms need not be abandoned, and that the cotton mill is not the only refuge of the mountain child. We believe a thorough examination will prove the unfairness of those invidious comparisons by which cotton manufacturers have equipped themselves with humanitarian reasons for continuing to employ little children.

The committee at present employs five persons engaged in field investigation and in advising and directing the investigation of state committees and local agencies. In addition, at least one-half the time of the Secretaries and of the Special Agent for the South is spent in gathering first-hand information in the field.

III. DISTRICT AND STATE ORGANIZATION:

New York.—On October 27, 1909, the proposition was submitted to this board that an appropriation should be made toward the support of the New York Child Labor Committee on condition that they engage a traveling agent to strengthen organization in other cities of the state. On June 7, 1910, the New York Committee engaged Mr. Zenas Potter, who has already proven a valuable assistant to Mr. Hall. An appropriation of \$2,500 was voted by this board, \$1,000 of which was paid on June 2, 1910. The balance is held for further payment as the demands of the work require.

Pennsylvania.—The work of the Pennsylvania Committee has been pressed aggressively by the Secretary, Fred S. Hall, and at his suggestion the Allegheny County Association was reorganized as the Western Pennsylvania Branch of the State Committee and William W. Keller appointed Assistant State Secretary early last March. On July 8th the General Secretary visited Pittsburgh with Mr. Hall, Mr. Keller and Mr. George, of the Pennsylvania Committee, in conference with representatives of the glass industry. The purpose was to determine whether any agreement could be reached for revising the child labor law. The glass manufacturers made it plain that no revision of the present law would be acceptable, contending that employment of boys under sixteen at night is necessary to the success of their industry and that to eliminate this form of labor would visit a great injustice on the boys themselves. Naturally no agreement could be reached and we advised the manufacturers that it was our purpose to introduce a bill next winter forbidding any employment of children under sixteen at night.

New Jersey.—In conducting the New Jersey legislative campaign it was found necessary to aid the state committee financially and otherwise. Several

members were added and a joint financial appeal, issued on June 16th, resulted in the receipt of \$168.

Delaware.—On May 6th, at Wilmington, the Delaware Child Labor Committee was organized, with Rev. Hubert W. Wells, chairman, and W. Newell Bannard, secretary. This committee is publishing a report of our investigations and drafting a bill for presentation before the legislature next winter.

THE SOUTH:

Under direction of Dr. McKelway legislative campaigns have been conducted in Maryland, Virginia and South Carolina.

Special Agent.—On recommendation of Dr. McKelway, John Porter Hollis was appointed special agent to begin work on July 20 in North and South Carolina. Mr. Hollis has been actively engaged for three months in canvassing legislators in behalf of better laws. The South Carolina Committee has been re-organized, held a meeting in September, and will meet again in November to prosecute its work. The North Carolina State Committee has been re-organized with the addition of a number of strong names and held a meeting in September, attended by Dr. McKelway, at which a program was adopted for the 1911 legislative session.

Georgia.—In Georgia Dr. McKelway conducted the campaign and secured passage of law regulating employment of messenger boys, with age limit fourteen for day work and sixteen for night work. Agents of the Western Union and Postal Telegraph Companies tried to defeat the bill and succeeded in lowering the age limit for night work from twenty-one to sixteen. A bill independently introduced to shorten hours of cotton mill employees from sixty-six to sixty a week was defeated in the Senate. Governor Hoke Smith has promised his earnest aid and it is hoped the next legislature will be more favorable to this reform. A compulsory education bill failed of a constitutional majority in the house by three votes.

Virginia.—The effort of certain cotton manufacturers, convicted of employing women and children more than ten hours a day, to amend the law was defeated. The convicted manufacturers then appealed to the Supreme Court on the ground that the law was unconstitutional, but the Supreme Court affirmed its constitutionality, friends of our cause having made free use of the brief in a similar case prepared by the Consumers' League for consideration of the Illinois court.

Maryland.—Dr. McKelway was of material help in passing bills forbidding employment of messenger boys at night under sixteen and adding penalty to the ten-hour law already in existence. The latter bill was advocated by the Consumers' League. The bill to raise the age limit to fourteen was allowed to die in committee on account of opposition of the Maryland Child Labor Committee.

NEW ENGLAND:

Rhode Island.—Legislatures were in session only in Massachusetts and Rhode Island. Mr. Lord, the New England secretary, made a brief investigation of conditions in Rhode Island to submit to the legislative committee

and aided in passing the bill. He also made a study of child labor on the stage, report of which is published as pamphlet No. 137A.

New Hampshire.—We also co-operated with the superintendent of public instruction in New Hampshire in an investigation of child labor in textile mills. An effort will be made to revise the law next winter.

The New England office conducted an active campaign for committee memberships during the winter, sending out approximately 25,000 letters and increasing the membership during the year from 848 to 1,107 members; and the local arrangement for the annual meeting very largely devolved upon the New England secretary, whose faithful and persistent labor contributed so much to its success.

Office Closed.—On January 24th it was decided by the committee on field work that the best interests of New England would be served by conducting further organization from the New York office and developing as rapidly as possible strong local branches in the several states. Accordingly, the New England office was closed on August 1st, at which time Mr. Lord's resignation was accepted.

Massachusetts.—At the request of the Massachusetts committee it was agreed on April 21st that for one year membership renewals and appeals for new members in that state should be sent from the Massachusetts committee, which should contribute to our treasury, and that payment should constitute membership in both committees. The lists were transferred to the Massachusetts secretary and returns are sent direct to his office.

Vermont.—Preparatory to the organization of the Vermont Committee nearly every factory in the state was visited and photographs of the most striking instances of child labor were secured.

On September 15th the general secretary met twenty residents of Vermont in Burlington and organized the Vermont state branch. A constitution was adopted, an executive committee appointed and the committee hopes to secure a radical revision of the Vermont law at the forthcoming legislative session.

Ohio Valley States.—In addition to the investigation and legislative work under the direction of Mr. Clopper, mentioned elsewhere in this report, he has conducted a special study of street trades and presented the results of the inquiry in pamphlet No. 126.

Assisted by Mr. Hine and Miss Herdina, he secured a number of photographs and charts of street trades in St. Louis for presentation at the National Conference of Charities and Correction. They also studied conditions in the glass factories of Alton and East St. Louis.

Our committee was represented through Mr. Clopper at the Ohio Valley Exposition and a set of stereopticon slides was used in the lecture room of the Children's Department daily. It is estimated that not less than 50,000 people saw these pictures.

On July 29, at the request of the Missouri Children's Protective Alliance that state was added to Mr. Clopper's territory, and in October he will conduct an investigation preparatory to the introduction of greatly needed legislation next winter.

IV. FEDERAL CHILDREN'S BUREAU:

Dr. McKelway has been stationed in Washington since October 1, 1909, to direct the Congressional campaign for the Federal Children's Bureau. Hearings were arranged before the Senate and House Committees, at which this Board was represented by Dr. Lindsay, Dr. McKelway and Mr. Lovejoy. A number of alterations were made in the bill, which is now placed in the Department of Commerce and Labor, and the initial appropriation considerably reduced. In this form unanimous reports in favor of the bill have been obtained from both committees. The bill occupies a favorable position on the calendar of both Houses, and should be brought to vote in the short session.

As heretofore, while practically all national and local organizations interested in children have endorsed the bill, the labor and expense of carrying on the campaign have been borne by this Committee alone.

V. UNIFORM CHILD LABOR LAWS:

The Commission on Uniform Laws of the American Bar Association at their Detroit meeting in 1909, appointed a special committee on uniform child labor laws. This was pursuant to a suggestion from our office a year before. Hollis R. Bailey, Esq., of Boston, was made chairman. The committee met in Washington, D. C., by invitation of the National Civic Federation, January 17-18, 1910, and invited representatives of the National Child Labor Committee to confer. This committee was represented by Dr. Lindsay, Mr. Seligman, Mrs. Kelley, Miss Gordon, Mr. Frost and the Secretary. Mr. Seligman delivered an address on the subject before the meeting of the Federation, and the Commission requested us to draft a plan to submit as a model for uniformity. A draft was prepared, based on the so-called "standard law." After various conferences between Mr. Bailey and representatives of this committee a draft was submitted to the Commissioners at their annual meeting in Chattanooga, Tenn., August 25. On invitation your Secretary addressed the Commission and is in still further co-operation with the committee in preparation of a final report to be submitted at the next meeting. Meanwhile we are distributing this copy to inquirers, and the present draft will be made the basis for legislation in a number of states this winter.

VI. OFFICIAL MEETINGS:

Three meetings of the Board of Trustees, three meetings of the Finance Committee, nine meetings of the Committee on District Work, and two meetings of the Program Committee have been held.

VII. ANNUAL MEETINGS:

The sixth annual meeting was held in Boston, Mass., January 13-16, 1910. The discussion of the general topic, "Child Employing Industries," demonstrated the wide variety of industries in which children work, while

a discussion of remedial legislation, child labor statistics, industrial education, vocational direction and kindred topics added to the value of the sessions. A mass-meeting was held in Faneuil Hall, and on Sunday not less than sixty churches gave audience to the subject. A full report of the proceedings was published as a Supplement to the Annals of the American Academy of Political and Social Science for March, 1910, and reprinted by this committee in a volume of 288 pp., under the title, "Child Employing Industries."

VIII. CHILD LABOR DAY:

The third Saturday and Sunday in January, 1910, were designated Child Labor Day, and invitations sent through the religious press and to individual clergymen throughout the country soliciting observance of the day with appropriate exercises. Direct replies and newspaper reports of special services indicate that the subject was presented in approximately 2,000 churches.

IX. CONFERENCES:

Among the important conferences at which this committee has been officially represented are:

Conference on Uniform Laws,

Washington, D. C., January, 17-18, and Chattanooga, Tenn., August 25.

Southern Conference on Uniform Child Labor Laws,

Memphis, Tenn., April 12.

Conference on Vocational Direction.....Boston, Mass., April 20.

National Conference of Charities and Correction..St. Louis, Mo., May 19-25.

National Sunday School Conference.....Washington, D. C., May 26.

Child Conference for Research and Welfare, Clark University,

Worcester, Mass., July 1.

National Education Association Boston, Mass., July 2-8.

Stony Brook Assembly Stony Brook, L. I., July 6.

Pennsylvania Glass Manufacturers' Association.....Pittsburgh, July 8.

New York Federation of Labor and New York Cannery Association,

Niagara Falls, September 21.

X. LECTURES AND ADDRESSES:

The following lectures and addresses have been delivered by the Secretaries during the year, while many of which no record is preserved have been delivered by Trustees and other members of the committee. These engagements were in twenty-four states and the city of Washington.

DELIVERED BY MR. LOVEJOY.

Oct.	8	Williams College.....	Williamstown, Mass.
"	10	Massachusetts Agricultural College.....	Amherst, Mass.
"	14	Paterson City Missionary Society.....	Paterson, N. J.
"	19-22	Convention American Public Health Association.....	Richmond, Va.

Nov.	3	Present Day Club.....	Princeton, N. J.
Dec.	1	Sociological Conference, Dept. of Church and Labor, Presbyterian Church, ...	New York City
"	3	State Normal and Training School.....	Oswego, N. Y.
Jan.	10	Meeting Consumers' League, Gramatan Inn.....	Bronxville, N. Y.
"	13-15	Sixth Annual Conference, National Child Labor Committee, ...	Boston, Mass.
"	15	Consumers' League meeting.....	Providence, R. I.
"	16	First Baptist Church, morning service.....	Boston, Mass.
"	16	Trinity Church, Vesper service.....	Boston, Mass.
"	17	Commission on Uniform Laws.....	Washington, D. C.
"	23	Church of the Messiah.....	New York City
"	27	Social Study Class, Mrs. Dows' School.....	Briarcliff Manor, N. Y.
"	30	Edgehill Church.....	Spuyten Duyvil, N. Y.
Feb.	8	New York School of Philanthropy.....	New York City
"	11	Meeting in Public Library.....	Newport, R. I.
"	13	Universalist Church.....	Stamford, Conn.
"	15	School of Philanthropy.....	New York City
"	18	Philadelphia School for Social Workers.....	Philadelphia, Pa.
Feb.	23	Y. W. C. A. Training School.....	New York City
"	24	Thursday Morning Club.....	Madison, N. J.
"	24	Institute Hall, Public School Lecture.....	New York City
"	28	Cllo Club, Hotel Astor.....	New York City
Mch.	1	Evening School of Philanthropy.....	New York City
"	8	Crescent Avenue Presbyterian Church Men's Club.....	Plainfield, N. J.
"	10	Third Presbyterian Church.....	Newark, N. J.
"	14	Jacob A. Riis House Settlement.....	New York City
"	15	P. S. No. 57, Borough of Queens.....	New York City
"	16	Teachers' College.....	New York City
"	17	Church Federation meeting.....	Jersey City, N. J.
"	20	Manhattan Congregational Church.....	New York City
"	24	West End Republican Club.....	New York City
"	24	Portia Club, Hotel Astor.....	New York City
Apr.	4	P. S. No. 159.....	New York City
"	6	Amity Baptist Church.....	New York City
"	7	Children's Relief Society.....	Hackensack, N. J.
"	10	Congregational Church.....	South Norwalk, Conn.
"	11	P. S. No. 119.....	New York City
"	14	Public Kindergarten Association.....	Brooklyn, N. Y.
"	19	Men's Club, First Presbyterian Church.....	Morristown, N. J.
"	21	Men's Club, Presbyterian Church.....	Orange, N. J.
May	3	Universalist Church.....	Mount Vernon, N. Y.
"	6	Organization of Delaware Child Labor Committee.....	Wilmington, Del.
"	8	First Congregational Church.....	Mount Vernon, N. Y.
"	15	Unitarian Church.....	Detroit, Mich.
"	15	First M. E. Church.....	Pontiac, Mich.
"	16	Buffalo Social Survey.....	Buffalo, N. Y.
"	21	National Conference of Charities and Correction.....	St. Louis, Mo.
"	22	Park Baptist Church.....	St. Louis, Mo.
"	23	Presbyterian Ministers' Meeting.....	St. Louis, Mo.
June	14	Men's Club.....	Bayonne, N. J.
"	20	Labor Temple.....	New York City
July	1	Clark University Child Conference.....	Worcester, Mass.
"	6	Stony Brook Assembly.....	Stony Brook, L. I.
Aug.	25	Commissioners on Uniform Laws.....	Chattanooga, Tenn.
Sept.	1	Ohio Valley Exposition.....	Cincinnati, O.
"	15	Organization of Vermont Branch.....	Burlington, Vt.

LEGISLATIVE HEARINGS AND COMMITTEE MEETINGS ATTENDED.

Nov.	10-11	Meeting Massachusetts Child Labor Committee.....	Boston, Mass.
"	21-23	To Interview President re Federal Children's Bureau Bill, ...	Washington, D. C.
Feb.	2	Hearing before Massachusetts Legislature.....	Boston, Mass.
Mch.	7	Hearing before New Jersey Legislature.....	Trenton, N. J.
"	22	Hearing before New Jersey Legislature.....	Trenton, N. J.
"	31	Re Night Work Bill.....	Trenton, N. J.
Apr.	13	Hearing on Federal Children's Bureau.....	Washington, D. C.
"	21	Massachusetts Child Labor Committee.....	Boston, Mass.
"	27	Hearing on Night Messenger Bill.....	Albany, N. Y.
July	8	Conference With Glass Manufacturers.....	Pittsburgh, Pa.
Aug.	22	Kentucky Child Labor Association.....	Louisville, Ky.

MEETINGS ATTENDED AND ADDRESSES DELIVERED BY MR. MCKELWAY.

Oct.	7	Social Service Commission.....	New York City
"	19-22	American Public Health Association*.....	Richmond, Va.
"	27	Board of Trustees, National Committee.....	New York City

Nov.	1	Men's Club, St. Andrew's P. E. Church.....	Wilmington, Del.
"	1	Ministerial Union.....	Wilmington, Del.
"	3	Maryland Child Labor Committee.....	Baltimore, Md.
"	12	Executive Committee, National Conference of Charities.....	Chicago, Ill.
"	14	Third Presbyterian Church.....	Chicago, Ill.
"	18	State Conference of Charities.....	Columbia, S. C.
"	19	Second Presbyterian Church.....	Charlotte, N. C.
Dec.	9	Executive Committee Council of Churches.....	Louisville, Ky.
"	10	(Noon) Kentucky Child Labor Association.....	Louisville, Ky.
"	10	(8 p. m.) Stereopticon lecture, Library.....	Louisville, Ky.
"	14	Council of Jewish Women.....	Norfolk, Va.
"	30	Meeting of Massachusetts Child Labor Committee.....	Boston, Mass.
Jan.	10	Maryland Child Labor Committee.....	Baltimore, Md.
"	12	Sixth Annual Meeting, Nat'l Child Labor Committee.....	Boston, Mass.
"	15	Consumers' League Meeting.....	Providence, R. I.
"	16	(Morning) First Universalist Church.....	Boston, Mass.
"	16	(Evening) Baptist Church.....	Boston, Mass.
"	18	Meeting of D. A. R.....	Washington, D. C.
"	18	Uniform Child Labor Laws Conference.....	Washington, D. C.
"	19	Church of the Good Shepherd.....	Washington, D. C.
"	23	Church of Our Father.....	Washington, D. C.
"	28	Maryland Child Labor Committee.....	Baltimore, Md.
"	31	Monday Evening Club.....	Washington, D. C.
Feb.	5	Meeting of the Field Work Committee.....	New York City
"	17	Maryland Child Labor Committee.....	Baltimore, Md.
"	18	Civic Center.....	Washington, D. C.
Mch.	7	Presbyterian Ministers' Association.....	Washington, D. C.
"	22	Sent paper to be read at the Alabama Conference on Charities and Correction.....	Birmingham, Ala.
May	5	Southern Baptist Convention*.....	Baltimore, Md.
"	20	Old Home Celebration Week.....	Smithfield, N. C.
"	26	National Sunday School Conference.....	Washington, D. C.
July	1	Clark University Child Conference.....	Worcester, Mass.
"	3-4	National Education Association*.....	Boston, Mass.
"	6	Stony Brook Assembly.....	Stony Brook, L. I.
"	30	Conference with members of the Alabama Child Labor Committee in re Annual Meeting of N. C. L. C. in Birmingham.....	Birmingham, Ala.
"	31	Conference with members of the Alabama Child Labor Committee re the above.....	Montgomery, Ala.
Aug.	7	Methodist Church.....	Atlanta, Ga.
"	25	Commission on Uniform Laws*.....	Chattanooga, Tenn.
Sept.	14	Mecklenburg Presbytery.....	Monroe, N. C.
"	15	Meeting of South Carolina Child Labor Committee.....	Columbia, S. C.
"	18	Presbyterian Church.....	Payetteville, N. C.
"	29	American Prison Association*.....	Washington, D. C.
"	30	Meeting of North Carolina Child Labor Committee.....	Raleigh, N. C.

LEGISLATIVE HEARINGS.

Jan.	25	Senate Committee on Education and Labor.....	Washington, D. C.
Feb.	17, 26, March 6, 9, 23 and 31	meetings of Maryland Legislature.....	Annapolis, Md.
Feb.	19, March 4, 8, April 5	meetings of Virginia Legislature.....	Richmond, Va.
April	13	Hearing on Children's Bureau.....	Washington, D. C.
July	12-August 10	Sessions of the Georgia Legislature.....	Atlanta, Ga.

PUBLIC ADDRESSES DELIVERED BY MR. LORD.

Oct.	3	Sunday School Class.....	Newton, Mass.
"	7	Vt. State Federation of Women's Clubs.....	Boston, Mass.
"	15	State Normal School.....	Salem, Mass.
Nov.	4	Conference of Social Workers.....	Boston, Mass.
"	7	Christian Endeavor Convention.....	Hampton Falls, N. H.
"	10	Boston 1915 Exposition.....	Boston, Mass.
"	12	N. E. Association of School Superintendents.....	Boston, Mass.
"	19	State Child Labor Committee.....	Boston, Mass.
Dec.	5	Sunday School class.....	South Boston, Mass.
"	20	Congregational Church.....	Somerville, Mass.
Jan.	2	Congregational Church.....	West Newton, Mass.
"	16	M. E. Church, A. M.....	Roxbury, Mass.
"	16	Hope Chapel, P. M.....	Boston, Mass.
"	18	Local Council of Women.....	Providence, R. I.
"	24	Woman's Club.....	Ipswich, Mass.
"	29	Fortnightly Club.....	Bennington, Vt.
"	31	Associated Charities.....	Portland, Me.

*Attended meeting without making an address.

Feb.	1	Public School lecture	Augusta, Me.
"	2	State Federation of Women's Clubs	Boston, Mass.
"	6	Unitarian Church	Needham, Mass.
"	7	High School, A. M.	Lexington, Mass.
"	9	Baptist Brotherhood, P. M.	Boston, Mass.
"	9	M. E. Brotherhood	Beverly, Mass.
"	10	Parents' and Teachers' Association	South Boston, Mass.
"	13	Congregational Church (morning and evening)	Watertown, Conn.
"	20	Congregational Church	Westerly, R. I.
"	23	Public School lecture	Springfield, Mass.
Mch.	2	Public Library Course	Attleboro, Mass.
"	9	Unitarian Club	Keene, N. H.
"	11	Public School Association	Middletown, Conn.
"	16	Methodist Brotherhood	Attleboro, Mass.
"	23	Tuckerman School	Boston, Mass.
Apr.	3	Congregational Church	Auburndale, Mass.
"	4	The Holworthy Club	Portsmouth, N. H.
"	5	Woman's Club	North Conway, N. H.
"	26	Fathers' and Mothers' Club	Boston, Mass.
"	27	Parents' and Teachers' Association	Boston, Mass.
May	11	Episcopal Men's Club	Gardner, Me.
"	19	Parents' and Teachers' Association	Mattapan, Mass.
"	22	Union Church Service	Tilton, N. H.
"	26	Parents' and Teachers' Association	East Boston, Mass.
June	24	Commencement, Bristol County Business School	Taunton, Mass.
"	26	Temple Street M. E. Church	Boston, Mass.
July	13	School Superintendents' Convention	Castine, Me.

PUBLIC ADDRESSES DELIVERED BY MR. CLOPPER.

Oct.	5	University of Cincinnati	Cincinnati, O.
"	24	Central Christian Church	Columbus, Ind.
"	25	Indiana Child Labor Committee	Columbus, Ind.
"	28	Local Child Labor Committee	Covington, Ky.
Nov.	14	Y. M. C. A.	Canton, O.
"	21	Y. M. C. A.	Hamilton, O.
"	23	Associated Charities	Lexington, Ky.
Dec.	9	Local Investigating Committee	Covington, Ky.
"	10	Kentucky Child Labor Association	Louisville, Ky.
"	16	Tourist Club	Cincinnati, O.
Jan.	15	National Child Labor Committee	Boston, Mass.
"	16	(Morning) St. John's Universalist Church	Boston, Mass.
"	16	(Evening) St. Peter's Episcopal Church	Boston, Mass.
"	23	Clifton M. E. Church	Cincinnati, O.
"	25	Union Bethel club meeting	Cincinnati, O.
"	26	Kentucky Conference Charities and Correction	Frankfort, Ky.
Feb.	4	Union Bethel	Cincinnati, O.
"	21	Covington Art Club	Covington, Ky.
"	24	College Equal Suffrage League, Cincinnati University	Cincinnati, O.
Mch.	3	Church of the Ascension	Wyoming, O.
"	9	Public Hearing in Capitol	Columbus, O.
"	14	Northside Business Men's Club	Cumminsville, Cincinnati, O.
"	16	Public Hearing in Capitol	Columbus, O.
"	19	City Club	Cincinnati, O.
"	28	Social Workers' Club	Cincinnati, O.
"	31	Christ Church Parish House	Cincinnati, O.
Apr.	7	Church of the Advent	Cincinnati, O.
"	10	Jewish Settlement	Cincinnati, O.
"	20	Fourth District Convention Women's Clubs	Columbus, Ind.
May	16	Percus Street Christian Church	Cincinnati, O.
"	24	National Conference Charities and Correction	St. Louis, Mo.
"	30	Social Workers' Club	Cincinnati, O.
June	6	American Christian Missionary Society	Cincinnati, O.
July	3	Presbyterian Church	Wyoming, O.
Sept.	7	American Public Health Association Convention	Milwaukee, Wis.
"	11	First United Brethren Church	Marion, Ind.
"	12	Indiana Child Labor Committee, State Charities Conference, ...	Marion, Ind.
"	30	Public meeting, auspices Women's League	Ft. Wayne, Ind.

XI. TRAVEL:

The records of the office show the following amount of travel required during the year:

Owen R. Lovejoy	16,220 miles
A. J. McKelway	15,300 "
E. N. Clopper	9,746 "
J. J. Eschenbrenner	2,766 "

This total does not include the travel of Mr. Lord, nor the investigators, which would exceed 12,000 miles.

XII. PUBLICITY:

The proceedings of the Sixth Annual Meeting were published in a volume of 288 pages, under the title, "Child Employing Industries," reprinted from the Supplement to the Annals of the American Academy of Political and Social Science for March, 1910. Twenty-six separate pamphlets were issued, in some instances being reprints from the volume; also twenty-three different leaflets and miscellaneous publications. The total number of pages published for distribution aggregate 3,825,600.

The chief service rendered by our exhibit material was in connection with the National Conference of Charities and Correction at St. Louis, Mo. A feature of great local interest was the display of a large selection of photographs illustrating child labor in street trades in that city, prepared by our representatives in co-operation with the St. Louis School of Philanthropy.

Selected charts and photographs have also been used in connection with legislative work in New York, New Jersey, Massachusetts and other states. During the year 726 new photographs have been added to the collection, and five sets of stereopticon slides with accompanying lecture, for rental at nominal cost, are in constant use. These slides have filled seventy-eight engagements during the year.

The American Association for Labor Legislation published a volume entitled "Summary of Laws in Force 1910—Child Labor," and 2,500 copies (being one-half the edition) were purchased by this committee for distribution.

We have also purchased for distribution 1,000 copies of "Reciprocal Legislation," by Prof. Samuel McCune Lindsay, reprinted from the *Political Science Quarterly*, Vol. 25, No. 3.

XIII. FINANCES:

The treasurer's report for the sixth fiscal year is as follows:

TREASURER'S ANNUAL REPORT.

As examined, audited and found correct by Haskins & Sells, New York,
Certified Public Accountants.

Debits.

Cash on Deposit, October 1, 1909 \$3,575.49

RECEIPTS:

Paid Subscriptions	\$43,295.21	
Special Subscriptions:		
New Jersey Joint Appeal	\$ 168.00	
Investigations in Southern States ..	3,750.00	
		3,918.00
Sales of Publications		236.78
Sales of Photographs		24.50
Rental of Slides		135.52
Interest on Bank Balance		103.08
Investigations		429.34
Miscellaneous		170.64
		48,313.07
Total Debits		\$51,888.56

Credits.

EXPENSES:

Salaries:		
Administrative	\$9,452.52	
Clerks and Stenographers	6,147.01	
		\$15,599.53
Stationery and Office Supplies		1,139.33
Postage		4,355.81
Investigation Expenses		16,209.76
Exhibit Expenses		1,359.61
Rent		2,076.68
Traveling		1,393.41
Printing		5,080.36
Telephone and Telegraph		281.93
General Expenses		532.90
Purchase of Material—Child Labor		168.88
Investigations in Southern States		2,001.58
Compilation of Child Labor Literature.....		122.24
		50,322.02

MISCELLANEOUS:

Furniture and Fixtures	\$294.95	
Expenses	110.13	
Exhibits	187.75	
		\$592.83

Total Credits	\$50,914.85
Cash on Deposit, September 30, 1910	973.71

The small balance is due not to lack of public support, for the number of members and amount of contributions are greater than at any previous time, but to unforeseen expenses. The opportunity to conduct certain investigations, especially on the night messenger problem in six states, and in truck gardening and canning industries in Delaware, New York and New Jersey, came in the summer at a time when appeals for support are not profitable.

XIV. MEMBERSHIP:

Within the fiscal year this committee has sustained the loss by death of one of its original members, Hon. Beverly B. Munford, at Richmond, Va.

The records of the Membership Secretary show at the close of the sixth fiscal year a contributing membership as follows:

	No.	Total amounts
Guarantors	41	\$10,118.76
Sustaining Members	536	13,458.00
Associate Members	4136	16,968.41
Contributors	293	2,020.87
	5006	\$42,566.04

A comparison of the contributing members during the fifth and sixth fiscal years is as follows:

		Fifth year		Sixth year
Guarantors	39	\$10,500.00	41	\$10,118.76
Sustaining M.....	725	16,793.00	536	13,458.00
Associate M.....	3612	13,980.00	4136	16,968.41
Contributors	224	1,197.00	293	2,020.87
Total	4600	\$42,470.00	5006	\$42,566.04

The above records show that 73.3 per cent of members in the fifth fiscal year have renewed during the sixth year.

XV. CONSTITUTION AND BY-LAWS:

On April 12, the final report of the Committee on Constitution and By-laws was received, and after thorough discussion a draft under provisions of our charter was adopted. A limited edition has been printed, available for distribution upon request.

Constitution

ARTICLE I

NAME

The name of this corporation shall be NATIONAL CHILD LABOR COMMITTEE.

ARTICLE II

OBJECTS

The objects of the corporation shall be those enumerated in the Act of the Congress of the United States entitled "An Act to Incorporate the National Child Labor Committee," approved February 21, 1907, namely:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Felix Adler Francis G. Caffey, Robert W. deForest, Edward T. Devine, Homer Folks, William E. Harmon, John S. Huyler, Mrs. Florence Kelley, James H. Kirkland, V. Everit Macy, Edgar Gardner Murphy, Isaac N. Seligman, Miss Lillian D. Wald, Paul M. Warburg, and John W. Wood, and their successors and associates, be, and they hereby are, constituted a body corporate of the District of Columbia; that the names of such body corporate shall be National Child Labor Committee, and that by such name the said persons, or a majority of them, shall hold a meeting and adopt a constitution and by-laws, and shall have power to amend the same at pleasure: Provided, That such constitution or by-laws, or any amendments thereof, do not conflict with the laws of the United States; and that they may use a common seal and alter and change the same at pleasure, and may take, receive, hold, and convey real and personal estate necessary for the purposes of the organization.

SEC. 2. That the objects of the said corporation shall be: To promote the welfare of society with respect to the employment of children in gainful occupations; to investigate and report the facts concerning child labor; to raise the standard of parental responsibility with respect to the employment of children; to assist in protecting children, by suitable legislation, against premature or otherwise injurious employment, and thus to aid in securing for them an opportunity for elementary education and physical development sufficient for the demands of citizenship and the requirements of industrial efficiency; to aid in promoting the enforcement of laws relating to child labor; to co-ordinate, unify and supplement the work of State or local child labor committees, and encourage the formation of such committees where they do not exist.

SEC. 3. That said corporation shall have a right to hold its meetings at any place in the United States as may be best suited or most advantageous for carrying out of the purposes for which this corporation is formed.

SEC. 4. That said corporation shall not engage in any business for gain, the purposes of said corporation being educational and philanthropic.

SEC. 5. That the right to alter, amend, or repeal this Act is hereby expressly reserved.

ARTICLE III

MEMBERS

SECTION 1. The corporation shall consist of the corporate members named in said Act of Congress, viz.: Felix Adler, Francis G. Caffey, Robert W. de Forest, Edward T. Devine, Homer Folks, William E. Harmon, John S. Huyler, Mrs. Florence Kelley, James H. Kirkland, V. Everit Macy, Edgar Gardner

Murphy, Isaac N. Seligman, Lillian D. Wald, Paul M. Warburg, and John W. Wood, and their successors and associates, who may be hereafter elected corporate members, for the terms prescribed by this Constitution.

SEC. 2. Corporate members may be elected at annual meetings of the corporation by affirmative vote of the majority of all corporate members entitled to vote under the provisions of this Constitution.

SEC. 3. The number of corporate members shall be at least fifteen.

SEC. 4. The number of corporate members may be increased to not exceeding fifty by the affirmative vote of not less than three-fourths of the existing corporate members.

SEC. 5. Immediately after the adoption of this Constitution the corporate members named in said Act of Congress shall, by lot, be divided into five classes, of three each, who shall hold their terms in the corporation so that the memberships of one class shall expire each year at the annual meeting of the years 1911, 1912, 1913, 1914 and 1915, respectively.

SEC. 6. Except as otherwise provided herein, the term of membership of a corporate member shall be five years and until his or her successor is elected.

SEC. 7. In the event of the failure to hold an annual meeting in any year within the time prescribed therefor by this Constitution, or in the event of the failure to elect a successor at such annual meeting when held, unless there be an adjournment of such meeting, to a date not later than December 31st thereafter, for the purpose of completing such election, any corporate member whose term would have expired with such annual meeting, under the provisions of this Constitution, upon the election of his or her successor, shall, without further action be deemed re-elected for a new term of five years.

SEC. 8. Any corporate member whose term expires with an annual meeting, pursuant to the provisions of this Constitution, shall not be eligible to vote thereat, or at any adjourned session thereof, in the election of his or her successor or of other corporate members.

SEC. 9. In all meetings of the corporation each corporate member shall be entitled to one vote upon all matters except as otherwise prescribed by this Constitution.

SEC. 10. Any vacancy in a corporate membership may be filled for the unexpired term at any annual or special meeting, and a refusal to accept an election may be treated as creating a vacancy within the meaning of this section.

SEC. 11. Upon the expiration of his or her term, no corporate member shall thereafter have any title to or interest in the corporation or its property.

SEC. 12. Non-corporate members of the committee, without the power or right to vote or participate in meetings or elections of the corporation, and without title to or interest in the property of the corporation, may be elected, as prescribed in the By-laws, by the Board of Trustees.

ARTICLE IV

MEETINGS

SECTION 1. The annual meeting of the corporation shall be held at noon on the last Thursday in October at the office of the corporation in the City of New York, unless, by written direction to the Secretary at least ten days previous to that date, the Chairman shall fix therefor another place or another time within thirty days after said last Thursday of October.

SEC. 2. Special meetings may be called by the Chairman or by any three corporate members.

SEC. 3. At least one week's previous written notice of the time and place of any annual or special meeting shall be given to all corporate members. Mailing such notice to the addresses of corporate members shown by the records of the corporation shall be a full compliance with this section.

SEC. 4. Seven corporate members shall constitute a quorum at any meeting, and unless otherwise prescribed by this Constitution, corporate action shall be taken by vote of the majority of corporate members present.

SEC. 5. Any business may be transacted at the annual meeting of the corporation, except an amendment of this Constitution, without previous notice to the corporate members of intention to bring it before the meeting. Notice of a special meeting must contain a statement of the purposes for which the meeting is called.

SEC. 6. The order of business at the annual meeting shall be:

- (a) Reading of minutes of previous meeting.
- (b) Report of the Secretary.
- (c) Report of the Treasurer.
- (d) Report of Committees.
- (e) Election of corporate members.
- (f) Election of officers.
- (g) Miscellaneous.

SEC. 7. The order of business at a special meeting shall be the special subject or subjects, in turn, of the meeting, as specified in the notice therefor.

ARTICLE V

OFFICERS

SECTION 1. The officers of the corporation shall be a Chairman, two Vice-Chairmen, a Treasurer, a Secretary and a Board of Trustees.

SEC. 2. The Chairman, Vice-Chairmen, Secretary and Treasurer shall be *ex officio* the officers of the Board of Trustees.

SEC. 3. The Chairman, Vice-Chairmen and Treasurer shall be elected at the annual meeting and hold office for one year thereafter, and until their successors are elected, and their duties shall be such as customarily devolve upon such officers.

SEC. 4. The Secretary shall be chosen by the Board of Trustees and shall hold office at the pleasure of the Board.

SEC. 5. The Secretary shall give notice of corporate meetings and perform all the other duties customarily devolving upon such office. In addition, he shall keep records of the names and addresses of all members and of all properties and documents of the Committee, and shall have general executive supervision of the work of the Committee under the direction of the Board of Trustees, and shall report to them annually, or oftener if so required by them, and to the officers and members of the Committee, upon the activities of the Committee in matters pertaining to child labor and upon the progress being made throughout the United States on the subjects covered by the objects of the corporation.

SEC. 6. Vacancies in offices for unexpired terms may be filled by the corporation and Board of Trustees, respectively.

ARTICLE VI

TRUSTEES

SECTION 1. The Board of Trustees shall consist of fifteen members.

SEC. 2. The number of members of the Board of Trustees may be increased by a majority vote of corporate members at any annual or special meeting of the corporation.

SEC. 3. The first Board of Trustees shall consist of the above named fifteen corporate members, to wit: Felix Adler, Francis G. Caffey, Robert W. de Forest, Edward T. Devine, Homer Folks, William E. Harmon, John S. Huyler, Mrs. Florence Kelley, James H. Kirkland, V. Everit Macy, Edgar Gardner Murphy, Isaac N. Seligman, Lillian D. Wald, Paul M. Warburg and John W. Wood.

SEC. 4. The terms of the members of the first Board of Trustees shall expire, respectively, when their terms as corporate members expire under the provisions of Section 5, Article III, of this Constitution.

SEC. 5. Except as otherwise provided herein, the term of office of a trustee shall be for five years, and until his or her successor is elected.

SEC. 6. Trustees shall be elected by the corporation at its annual meeting by vote of a majority of all corporate members; except that if the number of trustees be increased at a special meeting, incumbents of the new places created, to hold office until the next annual meeting, may be elected at such meeting by unanimous vote of the corporate members present thereat, or, their names having been proposed at a previous meeting, may be elected at any subsequent meeting by a majority vote of the corporate members present thereat.

SEC. 7. The Board may fill vacancies in its own membership for unexpired terms, and a refusal to accept election may be treated as creating a vacancy within the meaning of this section.

SEC. 8. The Board of Trustees is authorized to exercise all the powers of the corporation not reserved to the corporation by, and not conflicting with, the Constitution or the By-laws.

ARTICLE VII

BY-LAWS

By-laws not contrary to this Constitution may be adopted, altered or amended at any annual or special meeting of the corporation by vote of a majority of all corporate members.

ARTICLE VIII

SEAL

The seal of the corporation shall be circular in form, with the words "NATIONAL CHILD LABOR COMMITTEE, Organized April, 1904, *Incorporated by Act of Congress, February 21, 1907,*" thereon.

ARTICLE IX

AMENDMENT

This Constitution may be amended at any annual or special meeting of the corporation by vote of a majority of all corporate members, notice of the general purpose of the proposed amendment having been sent in writing to all corporate members at least two weeks prior to the meeting; except that up to January 1, 1911, any amendment thereto may be made by a three-fourths vote of the members of the Board of Trustees.

By-Laws

1. Non-corporate members of the Committee, as provided for in the Constitution, shall be Active, Associate or such other classes as may be established by the Board of Trustees.

2. Active members shall be either (a) guarantors who contribute \$100 or more annually, or (b) sustaining members, who contribute \$25 or more annually.

3. Associate members shall be those who contribute annually less than \$25, but not less than \$2.

4. All non-corporate members may participate in non-corporate meetings of the Committee and shall be entitled to receive regularly the publications of the Committee and to have the assistance of the officers and equipment of the Committee in furthering the interests of child labor reform in various sections of the country.

5. Non-corporate meetings of the Committee may be arranged at such times and places, for such purposes and under such regulations as may be prescribed by the Board of Trustees.

6. Meetings of the Board of Trustees shall be held at such times and places as may be designated by the Chairman.

7. Five Trustees present at any meeting shall constitute a quorum, and if at any meeting a quorum fail to be present, the majority of those present may adjourn from time to time without further notice, until a quorum shall attend.

8. Three Trustees may call a special meeting of the Board in the event of the refusal or failure of the Chairman to call such meeting after one week's previous written request by them to do so, of which special meeting at least two weeks' previous written notice shall be given to all Trustees.

9. The Board of Trustees shall appoint, not necessarily from its own number, a Finance Committee, and shall also appoint such standing and special committees as it may deem expedient, and shall prescribe their duties and authority.

10. The Board of Trustees may appoint such agents or officers as it may see fit, to hold their positions at the pleasure of the Board, and prescribe for them such authority and duties as it may see fit not contrary to the Constitution or By-laws.

The Proceedings of the Seventh Annual Conference on Child Labor Under the Auspices of the National Child Labor Committee

Birmingham, Ala., March 10, 11, 12, 1911.

The first annual conference of this committee was held in New York City, February 14 to 16, 1905. The second was held in Washington, December 8 to 10, 1905, with supplementary sessions in Philadelphia and Chicago; the third, in Cincinnati, December 13 to 15, 1906; the fourth in Atlanta, April 2 to 5, 1908; the fifth in Chicago, January 21 to 23, 1909, and the sixth in Boston, January 13 to 16, 1910.

At the seventh annual conference held in Birmingham, Ala., by invitation of the Alabama Child Labor Committee and the civic bodies of Birmingham, March 9 to 12, the following program was carried out:

GENERAL TOPIC: UNIFORM CHILD LABOR LAWS.

I. Thursday Afternoon, March 9, 2.30 o'clock.

Dr. B. J. Baldwin, Montgomery, Chairman, Alabama Child Labor Committee, presiding. Address, "History of Child Labor Reform in Alabama."

Address of Welcome, Judge N. B. Feagin, on behalf of Hon. Culpepper Exum, Mayor of Birmingham.

Response, Dr. Samuel McCune Lindsay, Vice-Chairman, National Child Labor Committee.

Reports from the field:

"Child Labor Legislation in the Carolinas," John Porter Hollis, Rock Hill, S. C.

"New Territory," A. J. McKelway, Washington, D. C.

"The Forward Movement in Missouri, West Virginia and Indiana," E. N. Clopper, Cincinnati, Ohio.

"The Coal Mines of Pennsylvania," Owen R. Lovejoy, New York.

II. Thursday Evening, March 9, 8 o'clock.

Senator Joseph F. Johnston, Alabama, presiding.

UNIFORMITY IN CHILD LABOR LEGISLATION.

"The State and the Nation in Child Labor Regulation," Senator William E. Borah, Idaho.

"The Cotton Mill; The Herod Among Industries," Dr. A. J. McKel-

way, Washington, Secretary for Southern States, National Child Labor Committee.

"What Should We Sacrifice to Uniformity?" Mrs. Florence Kelley, New York.

"Seven Years of Child Labor Reform," Owen R. Lovejoy, General Secretary, National Child Labor Committee.

III. Friday Morning, March 10, 9.30 o'clock.

SECTION I.

Edward N. Clopper, Secretary for Ohio Valley States, presiding.

CHILD LABOR IN STREETS AND PUBLIC PLACES.

Ten minute addresses:

"The Nickel Theatre," Maurice Willows, Boys' Club, Birmingham.

"The Newsboy," George A. Hall, Secretary, New York Child Labor Committee.

"Street Trades and Reformatories," Richard K. Conant, Boston, Secretary, Massachusetts Child Labor Committee.

"The Night Messenger Boy," Edward N. Clopper.

Discussion.

SECTION II.

Judge N. B. Feagin, Birmingham, presiding.

POVERTY AND PARENTAL DEPENDENCE IN RELATION TO CHILD LABOR REFORM.

"Scholarships," Frances Ingram, Neighborhood House, Louisville, Ky.; George A. Hall, New York City.

"State Child Labor Relief," M. Edith Campbell, Cincinnati, O.

"The Dinner Toter," Charles L. Coon, Secretary, North Carolina Child Labor Committee, Wilson, N. C.

IV. Friday, March 10, Noon.

IN THE PUBLIC PARK.

Brief Address by Colonel Theodore Roosevelt.

V. Friday, March 10, 1 o'clock.

BUSINESS MEN'S LUNCH.

Lunch at Hotel Hillman by the Business Men of Birmingham, in honor of Colonel Theodore Roosevelt and other distinguished speakers present at the conference, Mayor Exum presiding. Topic for discussion: "Child Labor in the South." Speakers: Col. Theodore Roosevelt, Dr. Samuel McCune Lindsay, Hon. B. B. Comer and Rev. John W. Staggs, D.D.

VI. Friday Afternoon, March 10, 4 to 6 o'clock.

Reception by the Women's Clubs of Birmingham to delegates and guests of the Conference, at the Country Club, preceded by a luncheon to the women delegates.

VII. Friday Evening, March 10, 8 o'clock.

CONSERVATION OF CHILDHOOD.

Dr. Samuel McCune Lindsay, presiding.

"The Conservation of Childhood," Col. Theodore Roosevelt.

"The Public School and the Day's Work," Dean Herman Schneider, University of Cincinnati, O.

"Exclusion of Children from Dangerous Trades," (Stereopticon address), Dr. William C. Hanson, Massachusetts Board of Health, Boston.

"Types of Working Children," (Stereopticon address), Dr. A. J. McKelway.

VIII. Saturday Morning, March 11, 9.30 o'clock.

SECTION I.

Dr. A. J. McKelway, presiding.

A LEGISLATIVE PROGRAM FOR THE SOUTH.

Reports from State and local committees and affiliated bodies.

"Child Labor in Gulf Coast Canneries," Lewis W. Hine, Staff Photographer, National Child Labor Committee.

General Discussion.

SECTION II.

UNIFORM CHILD LABOR LAWS.

"Standards Proposed by United States Commission on Uniform Laws," Hon. A. T. Stovall, Okolona, Miss.

Discussion, "Disadvantages Due to Varying Standards," led by Jean M. Gordon, State Factory Inspector, Louisiana.

IX. Saturday Evening, March 11, 8 o'clock.

Solomon Wolff, Esq., New Orleans, Chairman Louisiana Child Labor Committee, presiding.

CHILD LABOR ON THE STAGE.

Addresses by:

Dr. Henry B. Favill, Chicago, Ill.
Jean M. Gordon, New Orleans, La.
Jane Addams, Chicago, Ill.
Mrs. Florence Kelley, New York.

X. Sunday Afternoon, March 12, 3 o'clock.

Dr. J. H. Phillips, Superintendent of Schools, Birmingham, presiding.

Annual address by Dr. Felix Adler, Founder of the Society for Ethical Culture and Chairman, National Child Labor Committee.

"Ten Years' Experience in Illinois," Jane Addams.

Sunday morning and evening, March 12, Child labor addresses delivered by pastors and delegates in the churches of Birmingham and vicinity.

FIRST SESSION.

Judge N. B. Feagin, a member of the National Child Labor Committee, welcomed the Conference, on behalf of the Mayor of Birmingham. He said:

"I am commissioned by our mayor to welcome you to the city of Birmingham, open wide her gates to greet you, and to give you not only the key of the city, but also the keys of our hearts and our homes, to vouchsafe to you a right royal Southern welcome.

"We bid you a more hearty welcome from the fact that you come to us, a great industrial community, with the highest and holiest message that philanthropy has given to humanity in the twentieth century, namely: 'Save, preserve, protect by law the child life of the state.'

"This message is worthy your great mission. We pray that your efforts may quicken the public conscience into demanding that the burdens this commercial age, in its greed for gain, has thoughtlessly placed upon the helpless childhood of the land, may be lifted from innocent shoulders.

"From you we learn that the child is the most precious product of the state; that the wisest economy for the state is the care and protection and culture of the child; that when the latent powers of the child are appealed to and called into play, when the hand, the head and the heart are trained for good and useful citizenship, then the child's possibilities for a better life broaden, become more real; that no method is surer of bringing a better to-morrow than by doing to-day the best thing possible for the neglected and the dependent child.

"We are a new community, comparatively speaking, settled in a locality the richest on earth in the elements for making iron and steel. Nature has lavished her wealth here in these mountains and valleys with a prodigal hand. You can stand upon a ledge of iron ore twenty-two feet thick, in the city

limits, and shoot with a Mauser rifle into the stone quarry of lime rock and into the coal mine—all of these elements, iron ore, lime rock, coal, comparatively inexhaustible, are here, all awaiting the skilled hand and the trained brain, to be made and molded and formed and fashioned into merchantable products.

"We have here representatives from almost all the races of men, from nearly every state in this republic, from nearly every nationality in Europe.

'From Greenland's icy mountains,
To India's coral strand,'

men with bold, brave spirits, full of energy and enterprise, all eager to accumulate a fortune.

"We deem your coming auspicious in that you will teach us not to sacrifice the child life of this community in a mad eagerness to coin wealth; that life—a well ordered life—is more valuable than material wealth; that the child is father to the man; that an educated, well-trained child gives us an honorable manhood and a splendid womanhood—a nation's most valuable asset, its greatest honor and glory.

"Teach us to avoid the history of Pittsburgh, as shown by the recent 'Survey,' where the strong, in their desire to get rich quickly, exploited the child for self-aggrandizement; where the exceedingly rich live in close proximity to the exceedingly poor, more or less indifferent to their own guilt and to the other's wretchedness. Save us from becoming a great commercial, industrial community where little or no care will be taken of the wear and tear of our human machinery and our helpless childhood.

"We have done much for a new community, to better child life. Our Mercer Home for orphans and our industrial school for white boys, an industrial school in process of erection for white girls, a boys' home, a rescue home, a home for the friendless, a young men's and a young women's christian association, two negro reformatories supported entirely by the negroes of the state, a kindergarten association and a tuberculosis farm, testify to this. A juvenile court bill now pending in the legislature is one of the best measures ever presented to any legislature in the country.

"Yet with all these charitable organizations, with all these philanthropic activities, our laws are now inadequate to protect the helpless child in the State of Alabama from the ignorant, drunken, brutal, or lazy parent, or from such oppressive and cruel employers as continue to exploit the child for personal profit.

"Our legislature is in session and, I think, keenly alive to the need of a better child labor law. Our governor is in sympathy with you along these humanitarian lines, and will approve the best child labor law that our legislature may enact.

"The time is propitious for getting in Alabama the best child labor law of any state in the Union. May this meeting and your discussions place Alabama foremost among the states of this republic in the conservation of her childhood."

Dr. Samuel McCune Lindsay responded on behalf of the National Committee, of which he is Vice-Chairman:

"It is a great pleasure and privilege to respond on behalf of the trustees, officers and members of the National Child Labor Committee to so gracious a welcome from the city of Birmingham. If all of our 5,000 and more members could be present at this session, I am sure they would not be too numerous to do justice to the hospitality your city has so generously provided.

"Eight years ago there came to New York from Montgomery, Alabama, a young, vigorous, enthusiastic clergyman, Mr. Edgar Gardner Murphy, a noble leader of a noble cause. He represented your best citizens already organized into what was, I believe, the first definitely constituted state child labor committee in this country. The committee voiced the broad, generous, chivalrous spirit of the South, and asked our aid in the North for greater protection for the children of Alabama. Mr. Murphy's fight in his own state had shown him that the best interests of the children of Alabama were being jeopardized through the greedy demands for cheap labor on the part of the new cotton manufacturing industry of your state, demands supported by investing capitalists from the North and from many states. In all the older centers of cotton manufacture in England, in New England and in the middle states, the strong arm of the law had been invoked to protect defenceless childhood. Mr. Murphy, with true patriotic and statesmanlike vision had sounded a general alarm through the State of Alabama and had succeeded in arousing your representative citizens.

"In the years 1901 to 1903 this Alabama agitation spread to other southern states. Virginia, North Carolina, South Carolina, Texas and Arkansas, in addition to Alabama passed their first child labor laws in 1903. For the most part they were only feeble first attempts, and accomplished little more than the recognition of the right of the child in industry to the protection of the state. Then came the fear on the part of the representatives of industry that the coming prosperity of the South would be checked by legislative interference. You found also that strong opposition to your efforts to secure effective legislation came from non-resident capitalists, so that you and Mr. Murphy and his co-workers in those first legislative struggles in the South soon realized that a national movement must be organized before each state could really secure the enactment of effective remedies.

"This is the reason why the National Child Labor Committee was formed in New York in 1904 and it was in answer to this appeal from the South that a most remarkable group of distinguished American citizens, representing all sections of the country; both political parties; the Church, Catholic, Protestant and Jewish; institutions of learning; captains of industry, the labor unions, and social workers united as such diverse elements never had united before in the support of any single cause in the United States. With this history fresh in mind it is difficult to reconcile some recent misrepresentations of the work of the National Committee by its natural enemies, the exploiters of childhood, who have tried to make it appear that it stood for a sectional attack upon southern industry, when in reality it stands, a nation-wide response to a sectional call for help which came in the first instance from the South

but has been heard in every state in the Union. In reality, our first task was to resist the selfish opposition of northern capital invested in southern mills seeking to take advantage of the absence of the legal protection which already existed where that capital came from; protection which you wanted, naturally and properly, to establish for your children, where that capital was seeking profits. Whatever measure of success the agitation for higher standards in the first years of the National Committee's work achieved, its first definite result was to make it more difficult for New England capital to exploit the unprotected child laborer of the South.

"It is, perhaps, more significant to note the further development that took place. The more the need for child labor laws in the southern states was made known in other parts of the country, the more apparent became the inadequacy of existing child labor laws in other states.

"Reports at each of our seven annual meetings have shown greater activity and immeasurably greater gains in restrictive legislation in New England, Middle and Western states than in Southern states.

"We may well turn our attention at this meeting to the fact that the inequalities in the protection of working children of the whole country are probably greater to-day than when the National Committee began its work seven years ago; yet greater uniformity in state legislation is being urged with respect to railroads, to marriage and divorce laws, to employers' liability and workmen's compensation, to the control of the liquor traffic, and to many other subjects. Is it not our duty to seek for greater uniformity in the protection of working children, so that the children of all states may enjoy the same rights to a normal childhood, to life, education and leisure, to a time for play, a chance to grow and an opportunity to develop their best abilities whether they are raised in Alabama or Pennsylvania, in Georgia or Massachusetts, in Texas or Ohio? It is precisely to promote and secure this equality of opportunity for all American children that we are organized as a National Child Labor Committee.

"We are glad to meet for the first time in Alabama, to thank your citizens for their hospitable welcome, to acknowledge our indebtedness to you for the call that brought us into existence, to report to you on the progress that has been made and to outline here and now the still greater work that remains to be done. We invoke your best endeavors to renewed efforts in the completion of the good work that you have begun for the children of Alabama, in order that what you do here may be a model for others as well as a blessing to your own future citizens. We appeal to your missionary zeal and ask your fullest co-operation with the citizens of other states which we represent, in making the advantages you seek for your own children the heritage of the children of the entire nation."

The presiding officer, Dr. B. J. Baldwin,* of the Alabama Child Labor Committee, presented a "History of Child Labor Reform in Alabama."

Reports from the field on current legislation and conditions were presented from John Porter Hollis,* Special Agent; Dr. A. J. McKelway,*

*All addresses marked * appear in full elsewhere in this volume.

Secretary for the Southern States; E. N. Clopper,* Secretary for the Ohio Valley States, and Owen R. Lovejoy,* General Secretary of the National Committee.

SECOND SESSION.

Senator Joseph F. Johnston, presiding, emphasized the fact that the preservation of childhood is infinitely greater than the conservation of the forests for which Congress appropriated \$7,000,000 at its last session. Dr. A. J. McKelway's* address was on "The Cotton Mill: the Herod Among Industries"; Mrs. Florence Kelley* spoke on "What Should We Sacrifice to Uniformity?" and Owen R. Lovejoy* presented his annual report as secretary. A paper by U. S. Senator William E. Borah,* on "The State and the Nation in Child Labor Regulation," was read by title.

THIRD SESSION.

The special topic of the first section was devoted to "Child Labor in Streets and Public Places," with addresses by Maurice Willows,* Boys' Club, Birmingham; George A. Hall,* Secretary, New York Child Labor Committee; Richard K. Conant,* Secretary Massachusetts Child Labor Committee, and Edward N. Clopper.

In the discussion, Miss Jean M. Gordon, of New Orleans, deplored the fact that newsboys' homes afford young boys an opportunity to defy absolutely all parental control. Sometimes children of 9 and 10 years resist home influences and control because of the alternative of the newsboy home; especially if their own home conditions are not just what they want or if not allowed all the liberty they desire. A bed at the newsboy home is only ten cents a night and food bought at the public markets easily brings their expenses within their usually small earnings—35 to 50 cents a day. Mothers have urged her to make the child labor law apply to their children who insisted on going out to sell papers.

Judge N. B. Feagin, speaking from long experience in connection with the Children's Court, explained that by encouraging in the boy individual responsibility, individual initiative and individual effort, we cultivate the individualism which we look for in the man. The boy whose home is not well regulated, soon feels independent of it and strikes out in his own way. Our laws from time immemorial have given no child under 21 control of his property, because he has not arrived at the age of discretion and, therefore, has not the sound judgment, age and experience needed to transact binding business; and do not allow a judgment against a child under 21 by suit, because he is not held personally responsible. On account of his youth, the law holds a child under 7 not responsible for any criminal act, and a child

under 14 is *prima facie* incapable of committing crime. In contrast, by making a newsboy a tradesman, we make the inexperienced child an independent citizen. He loses not only financially but morally. Experience proves we must legislate the child off the street or regulate his work there. "I have heard mothers in this city say they had rather their children would be arrested than become merchants upon the street."

Mrs. Florence Kelley,* as a member of the New York Child Labor Committee since its foundation, also spoke for a scientific and rigid regulation of child labor in street trades.

With Judge Feagin presiding, the second section of the third session was devoted to "Poverty and Parental Dependence in Relation to Child Labor Reform." Miss Frances Ingram, Neighborhood House, Louisville, Ky., told of the effort of the Consumers' League of Louisville, begun in 1907, to secure a more effective child labor law. The law then in force contained the objectionable poverty clause and required no educational qualification or proof of age of children between 14 and 16. Abuse of these weak provisions was general. To prove the futility of this law, the League undertook an active campaign to study and reveal existing conditions. Factories were visited with the labor inspector. Permission from the County Judge to investigate all applications for labor permits of children, gave opportunity at the same time to influence parents where there was no real need of the child's work; advise with children tired of school; secure work for older members of the family, and shoes and clothing for children kept from school for lack of them, and medical attention where needed. Where the investigation of the Associated Charities also proved that the family was absolutely dependent on the earnings of the child, a scholarship approximating the amount the child could have earned if at work, was given on condition that the child attend school regularly and present each week a statement to that effect from the teacher and principal. Even though conducted during the financial depression of 1907, it was necessary to give only 23 scholarships out of 492 cases investigated. Both this experiment and an investigation of the truancy problem, conducted at the same time, emphasized that there were comparatively few cases where the child's wages stood between the family and suffering and these could be better cared for as they occurred than to have the poverty exemption continue to weaken the child labor law. The Kentucky Child Labor Association organized for the purpose in March, 1907, secured a very excellent new law without these objectionable features. The relief of children under 14 and their families has been assumed by the Associated Charities, while the Child Labor Association gives scholarships to children between 14 and 16 who are not able to meet the educational qualifications required by law before entering employment.

Miss Gordon reported that in 500 cases in Louisiana they found only five where it was really necessary to supply a scholarship. The fund was started with the membership subscriptions of the Louisiana Child Labor Committee (over \$300), supplemented by an appropriation secured later from the state. The total expenditure is eight to nine hundred dollars a year. About eight children are receiving scholarships at the present time, on the

weekly report of their school teachers. Miss Gordon thought it "astonishing how many incapable fathers and mothers could be developed under" such a fund, once its existence is known, and felt the knowledge should not be too widely spread.

The Chairman brought out that all needs were first discovered and cared for by private charity, while public charities must later come to the rescue. Miss M. Edith Campbell,* Cincinnati, addressed the meeting on "State Child Labor Relief." "The Dinner Toter" was the subject of the address of Charles L. Coon,* Secretary of the North Carolina Child Labor Committee.

FOURTH AND FIFTH SESSIONS.

In the public park at noon, Friday, Colonel Roosevelt addressed a large gathering on "Citizenship." A luncheon at the Hotel Hillman, given by the business men of Birmingham, marked the fifth session. Mayor Exum presiding, informal addresses were made by Colonel Roosevelt, Toastmaster James Weatherly, Dr. Samuel McCune Lindsay, Ex-Governor B. B. Comer, and Dr. J. W. Stagg.

SIXTH SESSION.

A reception to the delegates and guests of the Conference was given at the Country Club by the Women's Clubs of Birmingham.

SEVENTH SESSION.

"Conservation of Childhood" was the subject of this session, with Dr. Samuel McCune Lindsay presiding, in the absence of Governor Emmet O'Neal. Addresses were delivered by Colonel Roosevelt* on the same topic, Dean Herman Schneider* on "The Public School and the Day's Work," and Dr. William C. Hanson,* of the Massachusetts Bureau of Health, on "Exclusion of Children from Dangerous Trades."

"Types of Working Children" were displayed by means of the stereopticon, by Dr. A. J. McKelway.

EIGHTH SESSION.

At the first section meeting, devoted to "A Legislative Program for the South," Dr. McKelway, the presiding officer, said:

"I have come to feel that we do not have any distinctive legislative program for the South for the protection of the working children.

"We have had three southern conferences on child labor. The first met in Nashville, the second in New Orleans, and the third in Memphis; and a fourth is to be held in Atlanta in May. I think the idea prevalent in many minds when this Southern Congress was called together was that we had some peculiar reasons for a different standard of legislation in the South from what we had in the other parts of the Union. But when we got together and began to discuss the matter as a practical problem, we found that we needed the same standards and the best standards that had been put into effect in any other part of the Union.

"There is no reason in the world why Alabama should not be as humane as Massachusetts in the protection of children; why Georgia should not care as much for protecting her own flesh and blood as Illinois. In fact, if anything the argument is a little stronger that the South should be in advance in this great cause, for in the eastern and middle western states the problem of child labor is very largely a foreign problem, and the argument is frequently advanced that those people are so much better off in this country than they were in the Old World from which they came, their general condition is so much improved, that we can even afford to sacrifice the children for the gradual betterment of the family. But in the southern states, it is our native white children that we are mainly concerned with.

"When this Southern Child Labor Conference first met in Nashville, just as soon as the people interested in children put their heads together and began to consider what was the legislative program for the South, they adopted practically what had already been agreed upon as the legislative program for the northern and western states. And so I do not think that we have any peculiar problem. Perhaps the only thing distinctly southern about this child labor movement is that the problem with us has been a matter of the last few decades."

Reports on the work of the past year, from state and local committees, will be found elsewhere in this volume. Mr. C. L. Coon, reporting for the North Carolina Child Labor Committee of which he is secretary, told of the defeat of their bill to improve the present child labor law at the last session of the Legislature. A reduction of the hours of work for children, from 66 to 60 per week, was all the gain. The usual pose of the mill owners as philanthropists was again shown in this fight; they claimed that the bill to raise the age limit and prohibit children working at night, was a bill to promote idleness, and should be so entitled, instead of a bill to promote the welfare of children. He said that the most outlandish, scandalous lobby ever perpetrated on a legislature had been conducted by the mill interests. Four or five lawyers were kept there continually.

DR. MCKELWAY: "I think sometimes that when we only make it a little expensive for the opposition to resist a child labor law we have accomplished something. I have heard that the Pennsylvania glass manufacturers once complained that they had to contribute \$40,000 to a campaign fund in order to keep a child labor bill from being passed by the legislature. There is a similar complaint in North Carolina that we force the cotton

manufacturers to come up every two years to the legislature, at great expense, to defeat restrictions of the labor of children which they insist all the time is not profitable to them. However, I think we have made some gain in North Carolina. There were heretofore two states that allowed children to work more than sixty hours a week. Now there is one. I do not believe Georgia will allow herself to occupy the bad eminence of being the only state that allows her children to work more than sixty hours a week in factories."

"Uniform Child Labor Laws," the subject of the second section, was discussed by Hon. A. T. Stovall,* Miss Jean M. Gordon, and others.

Miss Gordon said: "The most important need for uniformity, as I see it, is with regard to factory inspection. No matter how beautifully your law is worded, or if you have a 16 year age limit and prohibition from dangerous trades, if you do not have someone to enforce the law, it is not worth the paper on which it is written. We must also raise the standard of our factory inspectors, and persons in similar positions. We have too long looked upon this work as suitable for people of no special training. I am particularly anxious to have our younger women, especially our college graduates, apply to such work the splendid opportunities afforded them during their college courses. Women of financial independence—to whom the salary would not need to be the attraction—and those who can associate with the friends of the families of the average manufacturer, would have a powerful influence. One of the most important points in my factory inspection work in New Orleans, was the first realization of manufacturers that they were not fair to their employees, which I conveyed to them indirectly through their wives and friends."

Lewis W. Hine, Staff Photographer of the National Committee, gave an address on "Child Labor in Gulf Coast Canneries,"* the results of an investigation just completed, and propounded the query, "What is it that makes the child work in the factory when he will not work at school?" The suggestion was made that the school teachers should be able to draw the children and hold them even in the communities where there is no compulsory education law.

Miss Gordon urged "it does not matter what the law is if it is not enforced. In a mill near Mobile, Ala., I saw plenty of little children at work, and the superintendent, who acted as guide, said that if the law was applied to them they would break it because it is unconstitutional in applying only to certain industries. It is a species of false pride to get these laws and make no provision for enforcing them. The 12 year age limit and other laws might just as well not be on the statute books, if not enforced."

CHAIRMAN McKELWAY: "I suppose that all legislative process is slow. We cannot write an ideal law upon any statute book. An ideal that we have now would not be ideal to the conscience of the next generation. Progress

in this reform in the southern states has been very much like that in New England and the other states of the Union. We put the principle upon the statute books, first, and that is about all we can do. It would have been impossible to pass a child labor law in Georgia up to this time providing for factory inspection, but after the principle is adopted the next step is the enforcement of the law.

"I had a command laid upon me by Miss Lillian D. Wald, of New York. She wanted something said about the Federal Children's Bureau Bill which failed in the last Congress.

"The bill was introduced six years ago. We understand that the process here also is slow. In the Fifty-ninth Congress it was not even reported from the committee of either house. In the Sixtieth Congress, the committees of both houses reported in favor of the bill, but the bill did not come to a vote. In the last Congress, the Sixty-first, it was reported unanimously by both committees, and it passed the Senate unanimously in the closing weeks of the session. I think that we would have secured a two-thirds or three-fourths vote in favor of the bill in the House; but in the last two weeks of the session, the rule was adopted putting Speaker Cannon back into his old place of absolute power. No man on the floor could be recognized to bring up any bill to which the speaker had not consented in advance. And the speaker would not consent to bring up the Children's Bureau bill. He gave various reasons for this, the last being that it was too important a measure to be passed with 40 minutes' discussion. He was unwilling to take the responsibility of allowing the House to vote for this tremendous appropriation of \$25,000.

"Well, I happened to sit in the galleries of the House during the last two weeks and saw appropriation bills passed at the rate of a million dollars a minute, a great many of them being barely read. They were the work of a little group of men, a sub-committee of the appropriations committee, and some of them passed with less than 40 minutes' discussion.

"During the last week of the session, the chairman of the committee on printing arose and was recognized for a particular purpose. That purpose was to get 100,000 copies of the "Horse Book" printed for members of Congress, to send to their constituents,—60,000 for the House and 40,000 for the Senate. It is a very large book; I presume it must cost 25 to 50 cents a copy. It treats of the diseases of the horse. That resolution went through without objection, was unanimously passed with applause, because the book is very popular and the farmers want it.

"Now, it seems to me that if the government of the United States has any business sending out free to the people of the country a book on the diseases of the horse, it would have the same right to send out bulletins concerning the diseases of children; and the diseases of children are one of the subjects to be investigated by this proposed children's bureau.

"We have not given up the fight. The bill will be introduced immediately upon the opening of the extra session of Congress, whether it can be considered then or not. We shall press it through to a conclusion. Since it passed the Senate this year, it can probably pass the next Senate with more ease as a matter of precedent. And then we hope to get it through the House and approved by the President."

NINTH SESSION.

"Child Labor on the Stage" was the topic of this session, and in introducing the first speaker, the presiding officer, Mr. Solomon Wolff, Chairman of the Louisiana Child Labor Committee, recited the story of Carthage of old, when, besieged by barbarians, it was about to surrender and yield to the rapine incident to conquest in those days. The priests, consulted, said, "If you would sacrifice a single child upon the altars to the gods you would save the city from rapine and its population from slaughter." "If the Carthaginians were really under the belief and the impression that the sacrifice of a single child would save the entire city from destruction," he continued, "were they more or less cruel than we when we are constantly sacrificing the lives of hundreds of young children upon the altar of commercialism?"

Addresses were delivered by Miss Jean M. Gordon*, Miss Jane Addams*, Mrs. Florence Kelley* and Henry Baird Favill,* M.D.

Owen R. Lovejoy said informally:

"The National Child Labor Committee has not been very eager in its efforts against this phase of the problem, not because we were in doubt as to the wisdom of sending little children upon the stage, but because it seemed to us that there were other classes of working children in so much greater, immediate need of our services. But recently the activity of those who are systematically promoting the employment of children on the stage, seems so aggressive, that it remains for us to defend the rights of the children who may be exploited on the stage, as we would defend the rights of any other child who might be exploited in any other kind of labor.

"So far as I can understand the arguments presented for the employment of the child on the stage, there are only three. One is that the public likes to see little children on the stage; and I have the conviction that if the public believes that the child is being injured, wronged, sacrificed, deprived of the normal opportunities of childhood, the public will be willing to forego that pleasure.

"The second is that the stage business cannot succeed without the employment of the little child; and even those who are promoting this campaign for the employment of child labor on the stage, acknowledge that they do not care to have the campaign based on that argument, because they say, 'As other industries have been able to succeed after children have been excluded, so our industry, should children be excluded, must succeed, although it will be at considerable sacrifice.' The answer to those who claim that the theatrical profession depends for its success upon the labor of the little child is that the theatrical profession must take its place with all other kinds of business that have no right to succeed, and in the interest of the child must be allowed to fail. And none of us, I am sure, have the least idea that the theatrical profession will fail because of the exclusion of the little child.

"The third reason given is that if children are excluded from the stage, it will rob them of the opportunity to develop genius. I am not going to

attempt to answer that statement, but will refer to a statement recently made by Mr. Francis Wilson, in one of his magazine articles, contending against those he is pleased to call 'puritanical agitators.' He said that Ellen Terry recently stated that Sir Henry Irving had often explained that his limitations in dramatic art were largely due to the fact that he was robbed of the opportunity of becoming trained to the art in infancy. And it seems to me the only reply is the reply that Abraham Lincoln made when some envious army officers came to him and complained that General Grant was a drunkard. We could wish that more actors on the stage to-day might be crippled by the same kind of limitation that ruined Sir Henry Irving!"

At the close of the session, Dr. H. A. Elkourie, in an eloquent address, on behalf of the Young Greeks' Progressive Society of Birmingham, presented Miss Addams with a loving cup as a "token of everlasting respect and profound gratitude to the one who has endeared herself to everyone regardless of nationality or creed; because in her we recognize a typification of the true American womanhood that has no limitation, that surpasses all bounds, and that stops at no racial boundary in doing good for everybody regardless of nationality or creed." A little girl, introduced as an "innocent child of Grecian extraction," presented Miss Addams with a bunch of roses, in token of her work for the children.

TENTH SESSION.

The annual address of Dr. Felix Adler,* Chairman of the National Committee on "Child Labor a Menace to Civilization," and of Jane Addams* on "Ten Years' Experience in Illinois," made notable the closing session of the Conference, with Superintendent J. H. Phillips, of the Birmingham public schools, presiding. Selections from old negro melodies, by a chorus from the Negro Industrial High School of Birmingham, under the direction of Prof. Arthur H. Parker, were beautifully rendered before and after the addresses.

The following resolutions were read by Dr. McKelway:

Resolved, That the grateful thanks of the National Child Labor Committee, its members and friends, are tendered to the people of the city of Birmingham, for the hospitality lavished upon the guests of the city, and for the sympathy in the cause of child labor reform that has made this Seventh Annual Conference the most successful in our history;

"To the Alabama Child Labor Committee, to the Chamber of Commerce of the City, and other civic bodies of Birmingham, the women's clubs, the local organizations, and especially the local committee, for the admirable arrangements for the comfort of speakers and audiences. They have organized success as Carnot organized victory.

"That our thanks are also due to the churches of the city that have

opened their pulpits to the members of the Conference for the further advancement of our cause; and also and particularly to the newspapers of the city for their careful, accurate, and voluminous reports of the addresses delivered, which have carried those words to thousands who have not heard them."

The following resolution was adopted unanimously:

"WHEREAS, a bill is now pending in the legislature of Alabama making an amendment to the present child labor law as recommended by the governor, which brings that law nearer to the standard child labor statute,

"Resolved, that this Conference does hereby petition the legislature of Alabama to enact this bill into law that this state may again take its former position of leadership in the cause of child labor reform."

In moving the adoption of the Resolutions, Dr. McKelway said: "The National Child Labor Committee considers the Alabama Child Labor Committee as its mother. It was organized first, and its organizer, Edgar Gardner Murphy, was one of the moving spirits in the organization of the National Child Labor Committee.

"Will you bear with me for a word of personal reminiscence? I was an editor living in North Carolina and had thought very little about the child labor cause. I had seen the children working in the factories, and had taken it as a matter of course. We had read about the evils of child labor in England, had heard of them in New England and New Jersey; but hardly thought that these evils existed at all in the South. It was the agitation in Alabama, fostered by Mr. Murphy, that interested me first in the cause and that put before my mind the idea that something practical could be done for the elimination of child labor from industry. And I was one of those who were brought to see this matter in a new light through the pamphlets, circulars and newspaper clippings sent out by the Alabama Committee of which Mr. Murphy was secretary.

"Alabama was one among several southern States that as the result of this agitation, passed its first child labor bill in 1903. It amended that law in the right direction in 1907. We understand that the present legislature is somewhat congested with business, that only a few days remain of the regular session, and that perhaps an extra session will not be called. The bill is before the committees of the house and senate now. If this bill is adopted, Alabama will take her old stand of leadership in child labor reform in the South. Other States have gone beyond her. Some have legislative sessions every year, some every two years; Alabama, alone I believe, every four years; so this is the critical time and this is our opportunity.

The resolution was unanimously adopted by rising vote, and the conference adjourned *sine die*.

The pulpits of many Birmingham churches were occupied on Sunday, the closing day of the Conference, by prominent speakers and delegates.

Residents of Birmingham, active in coöperating for the success of the meeting, were:

Local Committee.—John L. Kaul, *Chairman*; Maurice Willows, *Secretary*.

Finance Committee.—Robert Jemison, Jr., *Chairman*; A. H. Ford, John L. Parker, George Gordon Crawford, B. Gilreath.

Press and Publicity.—Maurice Willows, *Chairman*; W. M. McGrath, Rabbi M. Newfield, Rev. George Eaves, Mrs. C. P. Orr, Mrs. J. H. Phillips.

Places of Meeting.—Hon. C. Exum, *Chairman*; W. M. McGrath, N. B. Feagin, Rev. George Eaves.

Entertainment.—A. H. Ford, *Chairman*; John L. Kaul, Hon. C. Exum, John L. Parker, E. K. Campbell, W. I. Grubb, James Bowron, N. B. Feagin, Dr. T. D. Parke, Dr. W. G. Harrison, Hon. George Bondurant, Dr. George S. Brown, George G. Crawford, Rev. George Eaves, Dr. Morris Newfield.

Woman's Committee.—Mrs. J. H. Phillips, Mrs. C. P. Orr, Mrs. W. S. Lovell, Mrs. C. B. Spencer, Mrs. J. D. Kirkpatrick, Mrs. Joseph McLester, Mrs. Sam. Adler, Mrs. W. L. Murdoch.

Alabama Child Labor Committee.—Dr. B. J. Baldwin, Montgomery, *Chairman*; Fred S. Ball, Montgomery, *Secretary*; Rev. E. E. Cobbs, Montgomery; John Craft, Mobile; Erwin Craighead, Mobile; Judge N. B. Feagin, Birmingham; Judge J. B. Gaston, Montgomery; Frank P. Glass, Montgomery; Thomas G. Jones, Montgomery; S. B. Marks, Jr., Montgomery; Edgar Gardner Murphy, Montgomery; Dr. J. H. Phillips, Birmingham; Hon. Joseph E. Rich, Mobile; Rev. J. W. Stagg, Anniston; Judge W. H. Thomas, Montgomery.

An exhibit of photographs, charts and tables illustrating child labor in various industries throughout the country was open to the public during the conference, at the Orpheum, where the sessions were held.

SUPPLEMENT TO
THE ANNALS OF THE AMERICAN ACADEMY OF POLITICAL
AND SOCIAL SCIENCE

SEPTEMBER, 1911

2

Work of
National Consumers' League

VOLUME II

PHILADELPHIA
THE AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE
1911

Copyright, 1911, by
THE AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE

NATIONAL CONSUMERS' LEAGUE

Report for Year ending February 7, 1911.

OFFICERS.

President	Mr. John Graham Brooks 8 Francis Ave., Cambridge, Mass.
Vice-President	Mrs. Frederick Nathan 162 West 86th St., New York City
Vice-President	Mrs. S. S. Fels 39th and Walnut Sts., Philadelphia, Pa.
Vice-President	Mrs. H. M. Wilmarth Auditorium Annex, Chicago, Ill.
Vice-President	Miss Myrta L. Jones 3942 Prospect Ave., Cleveland, Ohio
Vice-President	Mrs. B. C. Gudden 25 Mt. Vernon St., Oshkosh, Wis.
Vice-President	Miss Jean Gordon 1800 Prytania St., New Orleans, La.
Vice-President	Mrs. M. R. Trumbull 305 Jefferson St., Portland, Ore.
Vice-President	Mrs. R. P. Halleck 1154 Third St., Louisville, Ky.
Treasurer	Mr. G. Hermann Kinnicutt 105 East 22d St., New York City
Recording Secretary	Mrs. G. W. B. Cushing 50 Munn Ave., East Orange, N. J.
General Secretary	Mrs. Florence Kelley 105 East 22d St., New York City

HONORARY VICE-PRESIDENTS.

President Arthur T. Hadley	Yale University
Professor F. W. Taussig	Harvard University
Professor W. J. Ashley	Birmingham, England

Professor E. R. A. Seligman	Columbia University
Professor J. W. Jenks	Cornell University
Professor H. C. Adams	University of Michigan
Professor C. R. Henderson	University of Chicago
Professor S. McCune Lindsay	Columbia University
Professor Richard T. Ely	University of Wisconsin
President Mary E. Woolley	Mt. Holyoke College
President J. M. Taylor	Vassar College

FINANCE COMMITTEE.

Mr. Robert Shaw Minturn.....	116 East 22d St., New York City
Miss Helen Phelps Stokes.....	230 Madison Ave., New York City
Mr. A. S. Frissell.....	530 Fifth Ave., New York City
Miss Mary R. Sanford, Secretary.	152 East 35th St., New York City
Mr. G. Hermann Kinnicutt.	

LABEL COMMITTEE.

Miss Mary Wiggin, Chairman.....	4 Joy St., Boston, Mass.
Miss Mary W. Calkins.....	22 Bellevue St., Newton, Mass.
Mrs. Frederick Nathan.	
Mrs. G. W. B. Cushing.	
Mrs. V. G. Simkhovitch.....	26 Jones St., New York City
Mrs. S. Burns Weston.....	Merion Station, Pa.

INTERNATIONAL COMMITTEE.

Mr. Francis McClean, Chairman..	105 East 22d St., New York City
Mrs. Frederick Nathan	

**COMMITTEE ON LEGISLATION AND THE LEGAL
DEFENCE OF LABOR LAWS.**

Dr. Henry R. Mussey	Columbia University, New York City
Mr. Owen R. Lovejoy	105 East 22d St., New York City
Miss Josephine C. Goldmark, Secretary,	
	105 East 22d St., New York City

COMMITTEE ON PUBLICATIONS.

Miss Josephine Goldmark.	
Dr. Samuel McCune Lindsay.	Columbia University, New York City
Mr. Arthur P. Kellogg.....	105 East 22d St., New York City

COMMITTEE ON LECTURERS.

Rev. James T. Bixby 150 Woodworth Ave., Yonkers, N. Y

FOOD COMMITTEE.

Miss Alice Lakey, Chairman Cranford, N. J.

Mr. John Martin, Secretary and Treasurer,

281 Fourth Ave., New York City

Mrs. William Purdy 51 North 10th Ave., Mt. Vernon

Mr. James B. Reynolds ..151 Central Park West, New York City

Dr. Louis L. Seaman 247 Fifth Ave., New York City

Mrs. Isham Henderson.....400 Prospect St., New Haven, Conn.

Mrs. Gardner Raymond.....52 Vick Park B., Rochester, N. Y.

Mrs. Chas. E. H. Phillips Glenbrook, Conn.

Louise C. Purington, M.D. 23 Allston St., Dorchester, Mass.

H. Holbrook Curtis, M.D. 118 Madison Ave., New York City

Charles E. North, M. D. 30 Church St., New York City

COMMITTEE ON EXHIBITS.

Miss Edith Kendall, Chairman,

14 Central Park West, New York City

Mrs. Arthur M. Beardsley

Mrs. Robert McVickar

Dr. Mary T. Bissell

Mrs. Benjamin Nicoll

Mrs. Frederick Crane

Mrs. Charles E. H. Phillips

Mrs. John McArthur

Miss C. L. Boardman

Mrs. Christopher Wyatt

SPECIAL COMMITTEE ON MINIMUM WAGE BOARDS.

Mr. Arthur Holcombe, Chairman,

Harvard University, Cambridge Mass.

Miss Emily G. Balch Wellesley College, Wellesley, Mass.

Professor Henry R. Seager..Columbia University, New York City

Rev. John A. Ryan St. Paul Seminary, St. Paul, Minn.

Professor Herbert E. Mills....Vassar College, Poughkeepsie, N. Y.

Mr. A. B. Wolfe Oberlin College, Oberlin, Ohio

SPECIAL COMMITTEE ON COLLEGES AND GRADUATES.

Miss Rosamond Kimball Orange, N. J.

Mrs. Manfred Ehrich 276 West 70th St., New York City

Mr. A. Rufus Morgan General Theological Seminary

Miss Seabury St. Agnes School, Albany, N. Y.



MAKING WILLOW PLUMES.

"Willowing" is paid for by the inch. An infectious skin disease and scarlet fever have recently been found among children thus working.



A TUBERCULOSIS SUSPECT ROLLING CIGARETTE WRAPPERS. SHE LICKS THE EDGES OF THE PAPERS TO MOISTEN THE PASTE.

Mrs. Olinsky, who is under medical observation, works for a well-known Fifth Avenue merchant. Her husband has tuberculosis.

TABLE OF CONTENTS

	PAGE
Constitution.....	7
Annual Meeting, 1911.....	13
Report of the Secretary.....	18
Report of the Label Committee.....	23
List of Manufacturers Authorized to use the Label.....	23
Report of the Committee on Legislation and the Legal Defense of Labor Laws.....	26
Bill to Regulate the Employment of Females in the District of Columbia.....	27
Decision of the Supreme Court of Michigan in <i>Withey et al. vs.</i> <i>Bloem et al.</i>	29
Report of the Committee on International Relations.....	39
Report of the Committee on Publications.....	43
Report of the Committee on Lecturers.....	44
Report of the Food Committee.....	45
Report of the Committee on Exhibits.....	50
Report of the Special Committee on Minimum Wage Boards.....	51
Report of the Special Committee on Colleges and Graduates.....	53
Treasurer's Report.....	55
Directory of Consumers' League.....	58
Bibliography.....	77

CONSTITUTION

ARTICLE I

NAME.

The name of the Society shall be the National Consumers' League.

ARTICLE II

OBJECT.

It shall be the special object of the National Consumers' League to secure adequate investigation of the conditions under which goods are made, in order to enable purchasers to distinguish in favor of goods made in the well-ordered factory. The majority of employers are virtually helpless to maintain a high standard as to hours, wages and working conditions under the stress of competition, unless sustained by the co-operation of consumers; therefore, the National Consumers' League also proposes to educate public opinion and to endeavor so to direct its force as to promote better conditions among the workers, while securing to the consumer exemption from the dangers attending unwholesome conditions. It further proposes to promote legislation, either state or federal, whenever it may appear expedient. The National Consumers' League further recognizes and declares the following:

That the interests of the community demand that all workers shall receive fair living wages, and that goods shall be produced under sanitary conditions.

That the responsibility for some of the worst evils from which producers suffer rests with the consumers who seek the cheapest markets, regardless how cheapness is brought about.

That it is, therefore, the duty of consumers to find out under what conditions the articles they purchase are produced and distributed, and insist that these conditions shall be wholesome and consistent with a respectable existence on the part of the workers.

ARTICLE III

MEMBERSHIP.

Section 1. *Eligibility*—There shall be five classes of members: State League, Individual, Associate, Sustaining and Life. Any State Consumers' League may become a member of the National League by accepting the Constitution and By-Laws, and by paying its quota to the general treasury. In any state in which there is no State Consumers' League the President shall appoint a State Organizer, who shall carry on the work of the organization and who shall become ex-officio member of the State League for the remainder of the year in which such new League may be formed. Persons residing in localities in which there is no State or Local League may become Individual Members of the National Consumers' League by paying a yearly due. They will receive reports, but will not have the privilege of voting.

Sec. 2. *Dues*—Each State Consumers' League shall pay to the Treasurer of the National Consumers' League, before the first of each January, for the ensuing year, the sum of ten cents per capita for each and every member of each and every Consumers' League affiliated with it. Each new State Consumers' League shall pay to the National Consumers' League a minimum sum of ten dollars. Each State Organizer shall pay to the Treasurer of the National Consumers' League the sum of one dollar each year. Individual members of the National Consumers' League shall pay a yearly due of not less than one dollar. Any person may become an Associate Member by paying five dollars annually, or a Sustaining Member by paying twenty-five dollars annually. The payment of one thousand dollars at one time constitutes Life Membership.

ARTICLE IV

OFFICERS AND COUNCIL.

Section 1. The officers of the League shall be President, three or more Vice-Presidents, Recording Secretary, General Secretary, and Treasurer.

Sec. 2. The control and management of the affairs and funds of the National Consumers' League shall be vested in a central governing body, which shall be known as the Council. The membership of the Council shall consist of the officers of the National

Consumers' League and representatives from the State Consumers' Leagues. The officers of the National Consumers' League shall be elected by ballot at the annual meeting. A Nominating Committee, appointed at the previous meeting, shall prepare a list of nominees to each office, and the ballot shall be sent to each State Secretary in the January preceding. Any State League may propose names that shall be printed on the list. The officers and *two* representatives of each State Consumers' League shall constitute the Executive Committee of the Council.

Sec. 3. *Election*—At the annual meeting of the Council the officers of the National Consumers' League shall be elected to serve for the ensuing year.

Sec. 4.—The Council shall have power to elect Honorary Vice-Presidents at its annual meeting on recommendation of the Executive Committee.

Sec. 5.—*Vacancies*—A vacancy in any office may be filled by the President, with the consent of a majority of the officers.

ARTICLE V

MEETINGS.

Section 1. The annual meeting of the Council shall be held at such time and place as shall be determined by the Executive Committee.

Sec. 2. The Executive Committee shall meet annually before the annual meeting of the Council, and shall prepare a report of the condition of the National Consumers' League to submit to the annual meeting of the Council. It shall also meet at such other times as shall seem necessary, to appropriate money and transact routine business. It shall further make such recommendations and suggestions as may from time to time seem desirable.

Sec. 3. Special meetings may be called at any time by the President or by a two-thirds vote of the Executive Committee.

ARTICLE VI

AMENDMENTS.

This Constitution may be amended by a two-thirds vote at any annual meeting of the Council, notice of such amendment having been submitted to the Secretary of the various State Consumers' Leagues at least two months before the annual meeting, or by a unanimous vote at the annual meeting of the Council.

BY-LAWS

ARTICLE I

DUTIES OF OFFICERS.

Section 1. *President*—The President shall be ex-officio a member of all committees; shall sign all written obligations of the League, and shall perform all such duties as usually pertain to that office. In the absence of the President his duties may be performed by the Vice-Presidents in their order; or, in the absence of the Vice-Presidents, a chairman may be elected for the occasion.

Sec. 2. *Recording Secretary*—The Recording Secretary shall attend all meetings of the Council and of the Executive Committee, and shall keep the minutes of the League and the Executive Committee.

Sec. 3. *General Secretary*—The General Secretary shall give notice of the time and place of meetings, inform new members of their election, keep a list of all State Leagues belonging to the National League, and of all Individual Members, and conduct the correspondence of the League. She shall have custody of all books, papers and pamphlets of the League, and take charge of such distribution of them as the Executive Committee may decide, and shall perform all duties usually appertaining to the office.

Sec. 4. *Treasurer*—The Treasurer shall hold all funds of the League, and shall deposit the same, in the name of the League, in such bank or trust company as the Executive Board shall direct. He shall pay out money only by check and as directed by the Executive Committee. He shall keep a correct account of all money received and expended, render reports of the condition of the treasury at the meetings of the Executive Board, and make a full audited report of the financial condition of the League at the annual meeting. The Treasurer shall be ex-officio a member of the Finance Committee.

ARTICLE II

STANDING COMMITTEES.

Section 1. Standing Committees shall be established at an annual meeting by a vote of the Council, upon recommendation by the Executive Committee adopted not later than the January meeting preceding.

Sec. 2. The Chairmen of all Standing Committees shall be appointed by the President, their term of office to continue until such time as a successor can be appointed, each Chairman to form his own committee, subject to the approval of the President.

1—*Committee on Finance.* The Committee on Finance shall have charge of the finances of the League, shall secure donations, make suggestions as to the possible ways of obtaining funds, and do all in its power to add to the financial support of the League. The Chairman shall prepare a budget for the year, in conference with the General Secretary and Treasurer, which shall be presented at the annual meeting.

2—*Committee on Label.* The Committee on Label shall investigate all applications for the National Consumers' League label, and report to the Executive Committee how far each applicant complies with the standards maintained by the League.

3—*Committee on International Relations.* The Committee on International Relations shall keep informed of all work along the lines of the Consumers' League done in other countries; shall correspond with the officials or those interested in the work in other countries, to gain an interchange of ideas and methods of work; also to bring about, so far as possible, co-operation between organizations in all countries of the world interested in the objects of the Consumers' League. It shall study international aspects of the work, and endeavor to bring into closer touch the various European and American Leagues.

4—*Committee on Legislation and Legal Defence of Labor Laws.* The Committee on Legislation shall keep informed and report to the Executive Committee all legislation concerning the objects in which the National Consumers' League is interested; also all bills in any way affecting industrial conditions which are liable to come before the legislatures. They shall further be empowered (subject to the approval of the Executive Committee) to draft bills or seek legislation in any way helpful to the work of the National Consumers' League, and shall assist in the defense of the laws by supplying additional legal counsel or other assistance.

5—*Committee on Publications.* The Committee on Publications shall have charge of the printing of all reports of the National Consumers' League and all other leaflets or literature which the Executive Committee decide to have published. It shall have pub-

lished in magazines and newspapers, whenever practicable, articles relating to the work of the League.

6—*Committee on Lecturers.* The Committee on Lecturers shall arrange meetings to be held in the interest of the League; shall secure speakers, who will go about from place to place and explain the principles, objects and aims of the National Consumers' League; also, as far as possible, interest people in the formation of new Leagues.

7—*Committee on Exhibits.* The Committee on Exhibits shall collect and administer an exhibit in the interest of the Consumers' League.

ARTICLE III

BRANCHES.

Branches of the National Consumers' League may be formed in any State or Territory of the United States. Each Branch shall be called a State or Territorial League, and shall control its own funds, elect its own officers, fix its own fees and dues, and manage its own affairs. Each State or Territorial Branch is allowed to have two representatives on the Executive Committee. Each State or Territorial Branch shall be represented at the annual meeting of the Council by the President and one delegate at large or by their alternates, and by delegates from each Individual League in proportion to its membership—one delegate for Leagues numbering one hundred or less, and an additional delegate for every additional one hundred members.

ARTICLE IV

ANNUAL MEETING.

The Annual Meeting, as described in Article IV, Section 1, of the Constitution, shall be held, as far as possible, in the East, South and West in rotation.

ARTICLE V

AMENDMENTS.

These By-Laws may be amended at any regular or special meeting of the League by a majority vote of the members present, provided that the intended amendment shall have been previously approved by the Executive Committee and that notice of the proposed amendment shall have been appended to the call for the meeting at which such amendment is to be acted upon.

THE TWELFTH ANNUAL SESSION OF 'THE COUNCIL.

The twelfth annual session of the Council of the National Consumers' League was held in Pittsburgh, Pa., on February 8 at 10 a. m., the President, Mr. John Graham Brooks, in the chair. Roll call showed seven states represented, as follows:

Connecticut—Mrs. Phillips.

Massachusetts—Miss Wiggin, Mrs. Brooks.

New Jersey—Mrs. Cushing.

New York—Mrs. Nathan, Miss Kendall, Miss Perkins, Miss Stokes, Miss Sanford, Miss Goldmark.

Ohio—Miss Jones, Mrs. Lotz, Mrs. Bassett, Miss McKenney.

Pennsylvania—Mrs. Weston, Mrs. Askin, Miss Sanville, Mrs. Price, Mrs. Scully, Mrs. Wile.

Minnesota—Rev. John A. Ryan.

The minutes of the previous meeting were read and accepted.

The report of the Treasurer was read and accepted.

The General Secretary presented her report, which was accepted.

The report of the Label Committee was given by Miss Wiggin, Chairman, and accepted.

In the absence of Mr. McLean, Chairman, the report of the International Committee was read by Miss Goldmark, and accepted.

Mrs. Nathan moved that the Council of the National Consumers' League send greetings and congratulations to Mme. Brunhes. Carried.

Miss Sanford moved that in view of the progress made in Germany, greetings be sent to the German League. Carried.

Miss Sanville moved that Mr. McLean's report be brought up to date and printed. Mrs. Nathan amended by moving that the report be printed in the Annual Report, and that reprints be made for distribution if deemed advisable by the Publication Committee. Carried as amended.

The report of the Committee on Legislation and Legal Defence of Labor Laws was given by Miss Josephine Goldmark, Secretary, and accepted.

Mrs. Nathan moved that the order of business be changed and resolutions considered. Carried.

Mrs. Nathan moved that:

WHEREAS, The Consumers' League of the City of New York passed a resolution endorsing the movement of the expressmen to obtain a reduction of their working day from thirteen hours to ten hours, the National Consumers' League assembled in Council places itself on record as favoring an eight-hour day, and endorses attempts to reach this standard. Carried.

Miss Sanford moved the adoption of the following resolution:

WHEREAS, It has been brought to the attention of the National Consumers' League, that there is at the present time in the National Training School, in the District of Columbia, a child twelve years old under sentence of confinement for five years because convicted of stealing five dollars from a special delivery letter entrusted to him for delivery.

Resolved, That the National Consumers' League at its annual meeting in Pittsburgh, Pennsylvania, on February 8, 1911, protests against the employment of minors under the age of twenty-one years in the delivery of mail, whether such employment be directly by the post office officials or indirectly under contract with local delivery companies. The National Consumers' League affirms the principle that mail matter of all classes should be delivered by adult responsible employees of the Federal Government; and

Resolved, That copies of this resolution be forwarded to President Taft, to Postmaster General Hitchcock, and to the members of the Committee of Congress on Post Offices and Post Roads; and

Resolved, That the National Consumers' League requests the Committee of Congress on Post Offices and Post Roads to investigate whether there are other minors now undergoing punishment for violation of the postal laws while in the direct or indirect service of the Federal Post Office, and to investigate whether and to what extent minors are employed in such direct or indirect service. Carried.

Miss Sanford moved that the two resolutions offered by the Food Committee be adopted. The resolutions are as follows:

WHEREAS, The manufacture and sale of adulterated and misbranded malt liquors is a distinct violation of the Food and Drugs Act, and affects not only the financial interest of the barley growers, but also the financial interests of consumers who are subjected to a commercial fraud in buying beers manufactured from glucose, brewing sugars, rice, corn, crude starch, brewing syrups, preservatives, beer color, etc., in place of barley malt, hops and water; and

WHEREAS, Adulterated beers may injure the health of the consumers; therefore, be it

Resolved, That we, the Council of the National Consumers' League, protest against this violation of the Food and Drugs Act, and urge upon the Department of Agriculture the necessity of enforcing the Act with regard to the manufacture and sale of adulterated and misbranded malt liquors, thus compelling all brewers to label their products truthfully, thereby following the instructions of the United States Brewers' Association; and be it further

Resolved, That we give all the publicity possible to this resolution so that consumers may be enlightened as to the facts. Carried.

WHEREAS, Food Inspection Decision 113 and the decision as to the labeling of a certain brand of whiskey (F. I. D. 127) as handed down by Attorney General Wickersham, discredit all food standards by ignoring the standards set for spirituous liquors by the Association of State and National Food and Dairy Departments at the Mackinac Convention, when the report on Food Standards was unanimously adopted; and

WHEREAS, These standards are of the utmost importance in defining what are the essential characteristics of foods produced and sold in America or imported chiefly for Americans; and

WHEREAS, Food Inspection Decision 113 and Decision 127, permit the addition of neutral spirits (which the most eminent food chemists have decided is an unlike substance to whiskey) and further permit the product to be colored with burnt sugar, and whereas, the above named decisions dismiss from the labels the restraining words, "imitation," "compound" or "blend," as defined by the Pure Food Law, thereby opening the door for a return of all the evils of the adulteration of foods, drugs, liquors and medicines, which were in process of being checked through the operation of the Food and Drugs Act of June 30, 1906, followed by the opinion of President Roosevelt and Attorney General Bonaparte, and upon the findings of Federal Judges Robb, Thompson and Humphrey, that whiskey and neutral spirits are unlike substances, therefore, be it

Resolved, That we protest against Food Inspection Decision 113 and 127, on account of the serious effect these two decisions will have upon the enforcement of the Food and Drugs Act and ask the State Food officials, members of the Consumers' Leagues, members of the General Federation of Women's Clubs, and all other affiliated bodies to co-operate with us in sending letters of protest to President Taft, to members of Congress and to the press of the United States, urging the necessity of amending the Food and Drugs Act at the coming session of Congress so that the peril threatened by the permitted violation of the Food and Drugs Act may be averted and consumers again have the protection from the evils of adulterated foods, drugs, liquors and medicines. Carried.

Mrs. Nathan moved that, the cost of living being so high, affecting the necessities of life, the National Consumers' League

calls upon President Taft to call a special session of Congress to consider a downward revision of the tariff. Lost.

Mrs. Nathan presented the following preamble and resolutions:

WHEREAS, The National Consumers' League recognizes the physical necessity of rest for working women, be it

Resolved, That the League endorses the movement to secure a law limiting the days on which women may work in factories, mercantile establishments, telephone and telegraph offices, and other places of business to six in any one week.

WHEREAS, The National Consumers' League recognizes the fact that women employed in laundries connected with hotels and hospitals are exposed to the same risks as in other industrial establishments, therefore be it

Resolved, That the League endorses the movement to place these laundries under the provisions of the labor law.

WHEREAS, The National Consumers' League recognizes the difficulties which have been encountered in enforcing the labor law in cannery establishments, therefore be it

Resolved, That the League endorses the movement to extend the protection of the labor laws to all women and children in canneries. Carried.

Miss Kendall moved that the Council recommend that each State League be asked to prepare an exhibit for itself which it may interchange with other states, with the purpose of ultimately forming a National Consumers' League Exhibit. Carried.

The report of the Food Committee was read by Mrs. Phillips and accepted.

Miss Wiggin spoke at length on the following resolution presented by the Label Committee:

That the factories on our recommended list be notified that hereafter the wage paid will be considered in retaining or admitting factories to the list, and that for this purpose the pay rolls must be accessible to our inspector. Carried.

The Nominating Committee, composed of Professor Jacob Hollander, of Maryland, Chairman; Miss Cornelia Bradford, New Jersey; Miss Emily Bissell, Delaware, presented a tentative ticket. Other nominations were asked for. As Mrs. Frederick Howe does not now reside in Ohio, Miss Myrta L. Jones was nominated as Vice-President from Ohio. The Secretary was instructed to cast the ballot for the list of officers as presented, and they were duly declared elected. (See List of Officers, page 1.)

On motion the Council adjourned.

At the evening meeting the following resolutions were presented by Mrs. Nathan and carried unanimously:

Resolved, That the National Consumers' League recommend to the various Leagues the adoption of an annual "Consumers' League Week End." This shall be the week end immediately preceding Thanksgiving Day in November of each year.

Resolved, That the League shall call upon the clergy to preach at that time on the work of the Consumers' League, in the synagogues on Saturday, and in the churches on Sunday, and the League shall request the principals of schools to explain the aims of the League to the school children on the Monday following.

REPORT OF THE SECRETARY

The year 1910-11 has been the most cheering one in the history of the National Consumers' League. The early closing campaign reduced the Christmas cruelties more successfully than they have been reduced in any year since Christmas became the greatest of commercial holidays. The "Shop Early" campaign was carried on in nearly one hundred cities. Cartoonists, editors, preachers, schools and clubs cooperated with the Consumers' League on a greater scale than ever before. Most helpful of all was the Survey, which opened the campaign among editors months in advance, and carried it through with zeal and skill.

Two States have enacted an eight hours law for women of all ages in industry—Washington and California. Two others have enacted nine hours laws—Utah and Missouri. The Supreme Court of Michigan has sustained as constitutional the new law restricting to 54 in one week the working hours of women in that State. So important is this decision that its text is given in full elsewhere in this report.

Cases have arisen in Nebraska involving the constitutionality of the statute, which by implication fixes ten o'clock at night as the closing hour for the work of women. These cases seem certain to be appealed, and to lead to judicial decisions of courts of last resort as to the power of American states, under the federal constitution, to give to working women that protection which fourteen nations of Europe have bound themselves by treaty to afford to working women.

The eight hours day for children in industry is now in force in the following States: Arizona, Colorado, District of Columbia, Illinois, Kansas, Nebraska, New York, North Dakota, Ohio, Oklahoma, Wisconsin, and boys under 16 years old have been banished from glass works at night in New Jersey by the law enacted last year and taking effect 1911. A new law passed with an emergency clause, has likewise banished boys under 16 from glass works in Indiana. Four out of the seven great glass manufacturing

States—New Jersey, Ohio, Indiana and Illinois—have thus stopped the work of boys at night in that industry. The task remains of banishing boys from night labor in glass works in Pennsylvania, Maryland and West Virginia.

In achieving all these gains, members of Consumers' Leagues have taken an active part, and the defense of labor legislation affecting working women and children is particularly and peculiarly our task.

There is now pending before the Legislature of New York a bill for a State Commission to investigate the conditions of manufacture in tenements in New York City, Buffalo and Rochester. This bill is backed by the Child Labor Committees, State and National; the Consumers' Leagues, State and National, and the Hughes Commission on Distribution of Population. It is the hope of these organizations that the proposed State Commission may collect a mass of information such that future legislation forbidding tenement house manufacture will not share the fate of the law of 1887, which led to the notorious decision of the Court of Appeals *in re Jacobs*, saddling the sweating system upon New York City for the last quarter century. The photographs illustrating this report are taken from a series of one hundred made by Lewis Hine for the National Consumers' League. They have contributed towards arousing the interest thus far shown by Governor Dix and the Legislature in the Tenement House Commission bill.

For the successful accomplishment of an important part of the program of the National Consumers' League, there is needed a campaign extending from Louisiana (where Miss Jean Gordon is our vice-president in New Orleans) to Maine against the sub-normal condition of the cotton industry with its long hours, low wages, child labor, illiteracy and endemic tuberculosis. In all the States dominated by the cotton industry from Louisiana to Maine, there is not one cotton mill which gives its children the eight hours day, or one State which has an eight hours law for either women or children. These States offer an inviting field for renewed effort for the organization of Consumers' Leagues, where such do not exist, and for legislative effort throughout this territory.

New and promising Consumers' Leagues have been started in Indiana and in Belgium. They appear for the first time in the directory.

MEETINGS.

Since the last annual meeting on March 1st, 1910, the Secretary has attended, in the interest of the League, ninety-four meetings in the District of Columbia and eleven states: Connecticut, Maryland, Massachusetts, Minnesota, Missouri, New Jersey, New York, Ohio, Pennsylvania, Rhode Island and Wisconsin. The places and dates of these meetings were as follows:

1910.

- March 4—Duluth, Minn., Public meeting.
 6—St. Paul, Minn., St. Paul Institute.
 8—Minneapolis, Minn., Public meeting.
 9—Oshkosh, Wis., Congregational Church.
 10—Oshkosh, Wis., State Normal School.
 Sheboygan, Wis., Public meeting.
 13—Madison, Wis., Public meeting.
 University of Wisconsin students' meeting.
 17—New York City, Academy of Medicine.
 18—Jersey City, N. J., Consumers' League.
 28—Geneva, N. Y., Parlor meeting.
- April 1—New York City, Teachers' College, Columbia University.
 4—Utica, N. Y., Public meeting.
 5—Cranford, N. J., Public meeting.
 8—New York City, Teachers' College, Columbia University.
 19—New York City, School of Philanthropy.
 20—Hartford, Conn., Public meeting.
 23—Poughkeepsie, N. Y., Vassar College.
 30—Providence, R. I., Public meeting.
- May 5—Brooklyn, N. Y., County W. C. T. U.
 New York City, The Present Problem Dinner
 17—Elmira, N. Y., Public meeting.
 18—Columbus, Ohio, Parlor meeting.
 Meeting with students of Ohio State University.
- 20 }
 21 } St. Louis, Mo., National Conference of Charities and Correc-
 22 } tions.
 23—St. Louis, Mo., Meeting, St. Louis Consumers' League.
 24—St. Louis, Mo., Morning Session of the National Conference.
 30—Briarcliff, N. Y., Mrs. Dow's School.
- June 2—Albany, N. Y., Hearing Senate and House.
 6 }
 8 } New York City, Hearing Commission on Congestion of
 9 } Population.

- June 16—New York City, Parlor meeting, home of Mrs. Raymond Browne.
- 27—New York City, Visiting Nurses Association.
- 28 }
29 } Sagamore, Mass., Sociological Conference.
30 }
- July 1—Worcester, Mass., Dr. Stanley Hall's Child Conference.
- October 24—Minneapolis, Minn., Luncheon meeting of the State Child Labor Committee.
- 25—Minneapolis, Minn., State Suffrage Association annual public meeting
- 26—St. Paul, Minn., Institute of Arts and Sciences.
- 28—Cleveland, Ohio, Public School Center.
- 29—Cleveland, Ohio, Consumers' League meeting at Alta House.
- 31—Cleveland, Ohio, Public School Center.
- November 1—Cleveland, Ohio, Adelbert College.
Cleveland Ohio, Girls' School.
Cleveland, Ohio, Public School Center.
- 3—Cleveland, Ohio, Public School Center.
- 4—Cleveland Ohio, Women's College.
Cleveland, Ohio, Public School Center.
- 7—Buffalo, N. Y., Consumers' League public meeting.
- 9—Brooklyn, N. Y., Pratt Institute (League started).
- 10—New York City, State Branch Association for Labor Legislation annual meeting.
- 13—Norwalk, Conn., Dr. Macfarland's Church.
- 15 }
16 } Rochester, N. Y., State Conference of Charities.
- 17—Newark, N. J., State Association for Prevention of Tuberculosis.
- 20—Boston, Mass., 1915, Faneuil Hall, mass meeting.
- 22 }
23 } Boston, Mass., School for Social Workers.
- 27—New York City, Manhattan Congregational Church.
- 29—New York City, Astoria Parents' and Teachers' Alliance
- 30—Summit, N. J., Women's Club.
- December 1—New York City, Earl Hall, Columbia University.
- 5—Baltimore, Md., Consumers' League public meeting, Mr. Charles Bonaparte presiding.
- 6—New York City, State Commission on Distribution of Population (appointed by Governor Hughes).
National Child Labor Committee.
- 7—Cambridge, Mass., Harvard students.
- 9—New York City, Harlem Liberal Alliance.
- 11—Stamford, Conn., Church, Sunday evening service.
- 14—New York City, National Training School for Secretaries,
Y. W. C. A.
- 15—New York City, School of Philanthropy.

- December ²⁶ }
 ²⁷ } St. Louis, Mo., American Association for Labor Legislation.

1911.

- January 1—Brooklyn, N. Y., Dr Brundage's Church.
 3—New York City, State Commission on Distribution of Population.
 8—Brooklyn, N. Y., Kaplan School.
 9—Washington, D. C., Congressional Club.
 Washington, D. C., Public meeting.
 15—Braintree, Mass., Public meeting.
 16—New York City, State Commission on Distribution of Population.
 New York City, School of Philanthropy.
 New York City, Indiana Women's Club.
 18—Philadelphia, Pa., Consumers' League, annual meeting.
 23—New York City, School of Philanthropy.
 30—New York City, Junior League.
 New York City, New York State Consumers' League, annual meeting.
- February 1—New York City, New York Child Welfare Exhibit.
 3 } Buffalo, N. Y., Four meetings arranged by Buffalo Consumers'
 4 } League.
 5—Rochester, N. Y., Labor Forum.

FUTURE MEETINGS

The Secretary has been appointed Chairman of the Committee on Standards of Living and Labor of the National Conference of Charities and Corrections which will meet in Boston, June 7th to 14th. Her report will deal with Minimum Wage Boards and will be delivered at the evening meeting, in Ford Hall, on June 8th, when Mr. Louis D. Brandeis will speak on Standards of Provision for Old Age, and Miss Jane Addams on Standards of Industrial Education. At a morning session, Miss Josephine C. Goldmark will speak on Standard Working Hours.

The Secretary has also been made Chairman of the Committee on Children of the New York State Conference of Charities, which will meet in Watertown, in October next.

REPORT OF THE LABEL COMMITTEE

During the year the use of the Consumers' League label has been awarded to three applicants, viz: The Lincoln Manufacturing Company, Boston; The Baldwin Garment Company, Holyoke; The Royal Manufacturing Company, Boston. These awards are all to factories in Massachusetts, because the rigid law relating to the working hours of women has there maintained our standard in this respect, and also because the Consumers' League of Massachusetts concentrates its attention more closely upon the label than does any other League.

The most important development in regard to the label was the opening on February 4, 1911, of the Label Shop at 4 West Twenty-eighth Street, New York City. It is conducted by an incorporated stock company formed for the purpose of bringing together in one place all the varieties of articles bearing the Consumers' League label and the Trade Union label. Here the purchaser may buy underwear at all prices, tub and lingerie dresses, silk waists, chiffon jumpers, shirtwaists (tailored and lingerie), kimonos, bathing suits, petticoats (silk and cotton), garters, etc., with the assurance that every article is made under fair conditions for the workers.

The two disastrous fires within the past few months in factories in Newark and New York have emphasized the dangers from fire in many manufacturing establishments, and this Committee has passed a resolution urging manufacturers who use our label to have a fire drill at least once a month. Several manufacturers have already instituted fire drills, and Mr. Wolf, who has a drill each week, can now empty the loft where 150 are employed in fifty seconds.

MANUFACTURERS AUTHORIZED TO USE THE LABEL.

Illinois—

Marshall Field & Co., Chicago, underwear, medium and fine.
George Lewis, Chicago, women's cloaks.
A. Roth, Chicago, dressing sacques.

Maine—

The C. F. Hathaway Company, Waterville, fine underwear.

Maryland—

Mendels Bros., Baltimore, wrappers, kimonos, house suits and waists.
E. Pohl & Co., Baltimore, corsets.

Massachusetts—

Baldwin Garment Company, Holyoke, patented kitchen aprons.
George G. Bean, Winchester and Quincy, skirts, petticoats, kimonos,
house dresses, aprons and dressing sacques.

- Brown, Durrell & Co., Boston, petticoats.
 W. H. Burns Company, Worcester, fine underwear (women's and children's).
 Clark Manufacturing Company, Boston, skirt and stocking supporters.
 Columbia Bathing Suit Company, Boston and Gloucester, bathing and gymnasium suits.
 Continental Waist Company, Boston, ladies' silk and lace waists.
 Dean & Bloom, Boston, ladies' and misses' cloth and wash dresses.
 Elliott Manufacturing Company, Boston, shirtwaists and petticoats.
 Fairmount Underwear Company, Hyde Park, underwear, cheap and medium.
 Davis Frank, Boston, underwear, medium and fine.
 The George Frost Manufacturing Company, Boston, skirt and stocking supporters.
 The German Embroidery Company, Boston, doing work for the Continental Waist Company.
 Holden-Graves Company, Boston and Gloucester, aprons, tea gowns and wash suits.
 Green & Green, Worcester, fine underwear.
 C. F. Hovey & Co., Boston, for order work in their own work-rooms.
 A. Israel, Worcester, underwear, skirts, flannelette gowns.
 Mrs. M. E. Kelsey, Boston, Bostonia petticoats.
 Lester, Mintz & Co., Boston, petticoats.
 Lincoln Manufacturing Company, Boston, petticoats and ladies' underwear.
 Priscilla Underwear Company, Springfield, underwear (women's and Natick Undermuslin Company, children's).
 Meyer Rosenfeld, Boston and Quincy, wrappers, dressing sacques, shirt-waist suits.
 Royal Manufacturing Company, Boston, silk petticoats.
 Royal Manufacturing Company, Gloucester, ladies' and misses' wash dresses.
 R. H. Sircom & Co., Melrose, petticoats.
 Superior Manufacturing Company, Boston, "Boston Silk Petticoat."
 Westboro Underwear Company, Westboro, underwear, cheap and medium.
 Whitall Underwear Company, Lowell, underwear, medium and fine.

Michigan—

- W. H. Allen Company, Detroit, underwear.
 Jackson Corset Company, Jackson, corsets.
 J. W. Knapp Company, Lansing, gymnasium suits.
 A. Krolik & Co., Detroit, dressing sacques, kimonos.
 McGee Brothers Company, Jackson, petticoats.
 Standard Underwear Company, Jackson and Grand Rapids, fine underwear.

New Hampshire—

Ideal Manufacturing Company, Tilton, wrappers, skirts and waists.

New Jersey—

Henry A. Dix & Sons Company, Somerville, Millville, Carmel and Bridgeton, wrappers, dressing jackets.

New York—

Abramowitz & Brill, New York City, ladies' underwear.

Columbia Skirt Company,	} Cortand, petticoats.
Gillette Skirt Company,	
New York Skirt Company,	

Dey Bros. & Co., Syracuse, underwear.

Henry A. Dix & Sons Company, New York City, women's and misses' tub dresses.

M. Wilber Dyer Company, New York City, ladies' underwear.

Elmira Skirt Company, Elmira, petticoats.

Gilbert Manufacturing Company, New York City, petticoats.

Maretta Garment Company, New York City, fine underwear.

Poughkeepsie Queen Undermuslins Company, Poughkeepsie, undermuslins.

The Wade Company, New York City, corsets.

The Wolf Company, New York City, underwear.

Ohio—

Miss Antoinette Rouland, Cleveland, aprons.

Pennsylvania—

Middendorf Bros., Philadelphia, fine underwear.

A. L. Samuels, Philadelphia, petticoats.

J. B. Sheppard & Sons, Philadelphia, for order work in their own work-rooms.

Rhode Island—

W. H. Anderson & Co., Providence, underwear.

The Keach & Brown Company, Valley Falls, fine underwear, curtains.

Vermont—

Brandon Garment Company, Brandon, wrappers.

Brown, Durrell & Co., Chester, wrappers, house dresses, waists, etc.

Richmond Underwear Company, Richmond, children's drawers and waists.

Wisconsin—

Leona Garment Company, La Crosse, three-piece undergarments.

Oshkosh Muslin Underwear Company, Oshkosh, underwear, all grades.

REPORT OF THE COMMITTEE ON LEGISLATION AND THE LEGAL DEFENSE OF LABOR LAWS

By the Secretary, MISS JOSEPHINE GOLDMARK.

Three years ago, when this Committee began its special work of assisting the defense of women's labor laws in the courts, the prospects for such legislation looked dark. A legal eight hours day seemed in the remote future. Even the ten hours day was on sufferance. The Supreme Court of Illinois had said that working women did not need and could not have legal protection from overwork. The effect of that decision persisted for thirteen years, paralyzing action in all the states. In January, 1908, the United States Supreme Court changed the atmosphere by asserting the right of states to protect the health and welfare of working women, by limiting their hours of labor. Within the next two years, the highest courts of three states, Illinois, Michigan, and Louisiana, followed suit. The effect has been electrical.

During the first three months of 1911, two states have passed eight hour laws: California and Washington. Two states have passed nine hour laws: Missouri and Utah. Three of these states (California, Missouri and Utah) had previously had no laws whatever protecting adult women from overwork, except in mines.

The text of some of these laws is not yet available. The California law includes all women "employed in any manufacturing, mechanical, or mercantile establishment, laundry, hotel, or restaurant, or telegraph or telephone establishment or office, or by any express or transportation company." Small wonder that an eye witness reports the bill the "hardest fought of the session!"

The opposition of the laundry, hotel, restaurant, and fruit growing interests was especially strong, and to the great regret of the bill's defenders an important exemption had to be conceded in order to save the rest of the measure. This provides that the limitation of working hours "shall not apply to nor affect the harvesting, curing, canning, or drying any variety of perishable fruit or vegetable."

Considering the large number of women employed in the canneries and the long duration of the canning season in California, this exemption is particularly bad. Yet the skill and energy shown, in and out of the legislature, by the defenders of the eight hours bill, led by Miss Maud Younger, suggest that at another session the women employed in the canneries will at least be partially protected by some limitation of their working hours.

The same interests which procured an exemption of the law in California were successful in Washington also. Fruit and fish canning establishments are exempted, but it is especially provided that if this exemption should be held unconstitutional by the courts, the exempted industries shall be included in the scope of the law.

The Missouri law includes women employed in factories, stores, and laundries.

Delaware also for the first time passed a law governing women's hours of labor. Employment was restricted to ten hours in one day, and sixty hours in one week, and was forbidden after 10 P. M., except in certain specified industries. It included women employed in many workplaces, following almost exactly the wording of the District of Columbia Women's Bill.

Unhappily Governor Pennewill vetoed the bill. A more enlightened governor will doubtless in the near future sign a bill embodying these principles.

In the United States, the principle of prohibiting women's nightwork has not yet been sustained by the courts. Within the next few months this important issue is to be decided in Nebraska.

The Nebraska law prohibiting employment of women after 10 P. M. has been attacked as unconstitutional, and the case is pending in the District Court of Omaha.

The Committee on Legislation and the Legal Defense of Labor Laws has been at considerable pains to bring this important case to the attention of the leading citizens of Nebraska, the press, the women's club and civic associations, so as to awaken wide public interest in this issue. The only other states which have hitherto prohibited women's nightwork are Massachusetts and Indiana. This is a startling fact, in view of the international convention of 1906, in which the fourteen civilized nations of Europe agreed to abolish women's nightwork.

Other important bills are still pending in other state legislatures: in Illinois, Massachusetts, Minnesota, Montana, New Jersey, New York, Ohio, Oregon and Wisconsin.

A bill regulating women's hours of labor in the District of Columbia was drawn by the Secretary of this Committee. Senator La Follette has introduced it into Congress. It is given in full following this report, and is recommended for the special consideration of Consumers' Leagues in states where legislatures will be in session next winter.

IN THE SENATE OF THE UNITED STATES

MARCH 3, 1911.

Mr. La Follette (by request) introduced the following bill; which was read twice and referred to the Committee on the District of Columbia:

A BILL

To regulate the employment of females in the District of Columbia.

Section 1. Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That no female shall be employed or permitted to work in any mill, manufacturing, mechanical, or mercantile, or printing establishment, bakery, warehouse, workshop, clothing,

dressmaking, or millinery establishment, or in any place where the manufacture of any kind of goods is carried on, or where any goods are prepared for manufacturing, or where any retail goods are sold or distributed, or in any laundry, hotel, or restaurant, or office, or by any express or transportation company, or in the transmission or distribution of telegraph or telephone messages, or any other messages or merchandise, more than ten hours in any one day, or more than six days or sixty hours in any one week, and not before seven o'clock in the morning nor after ten o'clock in the evening of any one day.

Sec. 2. That no female under eighteen years of age shall be employed or permitted to work in or in connection with any of the aforesaid establishments or occupations more than eight hours in any one day or more than six days or forty-eight hours in any one week, and not before the hour of seven o'clock in the morning, nor after the hour of six o'clock in the evening of any one day.

Sec. 3. That no female shall be employed or permitted to work for more than six hours continuously at one time in any of the aforesaid establishments or occupations, in which three or more such persons are employed, without an interval of at least three-quarters of an hour; except that such person may be so employed for not more than six and one-half hours continuously at one time if such employment ends not later than half-past one o'clock in the afternoon, and if she is then dismissed for the remainder of the day.

Sec. 4. That every employer shall post in a conspicuous place in every room in any mill, manufacturing, mechanical, or mercantile, or printing establishment, bakery, warehouse, workshop, clothing, dressmaking, or millinery establishment or laundry, or office, in which any females are employed, a printed notice stating the number of hours' work which are required of them on each day of the week, the hours of beginning and stopping such work, and the hour when the time or times allowed for dinner or other meals begin and end. The printed form of such notice shall be furnished by the inspectors authorized by this act. The employment of any such person for a longer time in any day than that stated in the printed notice shall be deemed a violation of the provisions of this section. The presence of any such persons on the premises at any other hours than those stated in the printed notice shall constitute *prima facie* evidence of the violation of this section.

Sec. 5. That the Commissioners of the District of Columbia are hereby authorized to appoint two inspectors to carry out the purposes of this act, at a compensation not exceeding one thousand two hundred dollars each per annum.

Sec. 6. That inspectors authorized by this act may in the discharge of their duties enter any place, building, or room where any labor is being performed by females, which is affected by the provisions of this chapter, whenever such inspectors may have reasonable cause to believe that any such labor is being performed therein.

Sec. 7. That inspectors authorized by this act shall visit and inspect the establishments and places of employment named in section one as often as practicable, during reasonable hours, and shall cause the provisions of this act to be enforced therein. They shall report any cases of illegal employment, contrary to the provisions of this act, to the corporation counsel of the District of Columbia.

Sec. 8. That whoever employs any female or permits any female to be employed in violation of any of the provisions of this act shall be punished for a first offense by a fine of not less than twenty nor more than fifty dollars; for a second offense, by a fine of not less than fifty nor more than two hundred dollars; for a third offense, by a fine of not less than two hundred and fifty dollars.

DECISION OF THE SUPREME COURT OF MICHIGAN

OPINION FILED DECEMBER 1, 1910.

Appeal from the Circuit Court for Barry County in Chancery.

WITHEY *et al.*, vs. BLOEM *et al.*

Moore J.: The International Seal and Lock Company is a corporation engaged in manufacturing large quantities of seals, which are used by railroad companies and shippers of freight for the purpose of locking the doors of freight cars. Aben E. Johnson is an assistant to the general manager of the factory of said corporation, and the other complainants are women employed by the said corporation in its factory.

The Legislature of 1909 passed an act entitled:

"An act to provide for the creation of a department of labor; to prescribe its powers and duties; to regulate the employment of labor; to make an appropriation for the maintenance of such department and to prescribe penalties for the violation of this act."

Sec. 9 of said act provides, in part, that:

"No female shall be employed in any factory, mill, warehouse, workshop, clothing, dressmaking, millinery establishment, or any place where the manufacture of any kind of goods is carried on, or where any goods are prepared for manufacturing, or in any laundry, store, shop or any other mercantile establishment, for a period longer than an average of nine hours in a day or fifty-four hours in any week nor more than ten hours in any one day; provided, however, that the provisions of this section in relation to the hours of employment shall not apply to nor affect any person engaged in preserving perishable goods in fruit and vegetable canning establishments."

The complainants filed a bill of complaint in chancery asking to have the provisions of Sec. 9 and Sec. 54 of said act held unconstitutional. The defendants filed a demurrer to the bill of complaint. The demurrer was overruled by the trial court for the reason that the provtso in Sec. 9 was class legislation.

The defendants have appealed to this court.

It is not claimed the act is contrary to the provisions of the constitution of this state because Sec. 29 of Article V of the Revised Constitution of the State of Michigan reads as follows:

"The legislature shall have power to enact laws relative to the hours and conditions under which women and children may be employed."

It is claimed as follows: We quote from brief of counsel,

"A. The law violates the fourteenth amendment to the Constitution of the United States, unless it can be defined as a 'health law.'"

"B. The law does not purport to be a 'health' law, or to be passed to meet an emergency and to protect the health of women."

"C. The law, therefore, if sustained on the theory that labor at any employment by women for more than an average of nine hours is harmful, and that a law, so restricting female labor is reasonable exercise of the police power."

"D. The law is, however, void as class legislation, since it discriminates between the various classes of female labor."

Counsel subdivided each of these heads and argued them at length, citing many authorities which they claim apply. It must be conceded at the outset that the courts have differed about the questions involved. The most marked difference, however, is between the earlier decisions and the later ones. In *Bierly on Police Power*, p. 9, it is said, "The police power has been defined to be devoted to the protection of the lives, health and property of citizens and the maintenance of good order. It is the power of the state to make all manner of reasonable laws for the welfare of the commonwealth and the good people thereof."

In *Russell on Police Power*, at page 28, it is said that "the range of legislation with respect to subjects of governmental control in the exercise of the police power has been much extended within the last quarter of a century. The reason for this is obvious. Modern social life has called into being many agencies not heretofore existing." The learned author then gives many instances of its exercise among them in the prevention of diseases, the public health, and concerning hours of labor, and forbidding or regulating contracts for the labor of women and children. The author expresses the opinion "with reference to many of the matters above named, there has been a progressive development of governmental functions and this development is likely to continue with the increased application of science to the business of life."

From what we have quoted from the brief of counsel it is evident that two important questions are presented. First, is the legislation in violation of the fourteenth amendment of the Constitution of the United States because it interferes with the right to labor and to make contracts in relation thereto? Second, is it class legislation?

In support of the first proposition counsel cite a number of authorities, one of which, *Lochner vs. New York*, 198 U. S. 45, they regard of so much importance that they quote from it at great length in the brief.

A consultation of the opinion shows that the labor law which was before

the court was not legislation in the interest of women or of minors, but applied to all employees of bakeries. The court said of the legislation which was then before it that the limit of the police power was reached and passed and that the case differs widely from *Holden vs. Hardy*, 169 U. S. 366, and *Jacobson vs. Massachusetts*, 197 U. S. II.

In the course of the opinion Justice Peckham, speaking for the court, used the following language:

"The general right to make a contract in relation to his business is part of the liberty of the individual protected by the Fourteenth Amendment of the Federal Constitution. *Allgeyer vs. Louisiana*, 165 U. S. 578. Under the provision no state can deprive any person of life, liberty or property without due process of law. The right to purchase or to sell labor is part of the liberty protected by this amendment, unless there are circumstances which exclude the right. There are, however, certain powers, existing in the sovereignty of each state in the Union, somewhat vaguely termed police power, the exact description and limitation of which have not been attempted by the courts. Those powers, broadly stated and without, at present, any attempt at a more specific limitation, relate to the safety, health, morals and general welfare of the public. Both property and liberty are held on such reasonable conditions as may be imposed by the governing power of the state in the exercise of those powers, and with such conditions the Fourteenth Amendment was not designed to interfere. *Mugler vs. Kansas*, 123 U. S. 623; *In re Kemmler*, 136 U. S. 436; *Crowley vs. Christensen*, 137 U. S. 86; *In re Converse*, 137 U. S. 624.

"The state, therefore, has power to prevent the individual from making certain kinds of contracts, and in regard to them the Federal Constitution offers no protection. If the contract be one which the state, in the legitimate exercise of its police power, has the right to prohibit, it is not prevented from prohibiting it by the Fourteenth Amendment."

In *Muller vs. Oregon*, 208 U. S. 412, which involved the construction of a statute relating to the hours of labor of women employed in laundries, Justice Brewer, who wrote the opinion, referred to the case of *Lochner vs. New York*, *supra*, as follows:

"We held in *Lochner vs. New York*, 198 U. S. 45, that a law providing that no laborer shall be required or permitted to work in a bakery more than sixty hours in a week or ten hours in a day was not as to men a legitimate exercise of the police power of the state, but an unreasonable, unnecessary and arbitrary interference with the right and liberty of the individual to contract in relation to his labor, and as such was in conflict with, and void under the Federal Constitution. That decision is invoked by plaintiff in error as decisive of the question before us. But this assumes that the difference between the sexes does not justify a different rule respecting a restriction of the hours of labor."

He also referred to a copious collection of data as to the course of legislation and expressions in relation to the restrictions imposed upon the labor of women and proceeds as follows:

"While there have been but few decisions bearing directly upon the question, the following sustain the constitutionality of such legislation: *Commonwealth vs. Hamilton Mfg. Co.*, 120 Massachusetts, 383; *Wenham vs. State*, 65 Nebraska, 394, 400, 406; *State vs. Buchanan*, 29 Washington, 602; *Commonwealth vs. Beatty*, 15 Pa. Sup. Ct. 517; against them is the case of *Ritchie vs. People*, 155 Illinois, 98.

"The legislation and opinions referred to in the margins may not be, technically speaking, authorities, and in them is little or no discussion of the constitutional question presented to us for determination, yet they are significant of a widespread belief that woman's physical structure, and the functions she performs in consequence thereof, justify special legislation restricting or qualifying the conditions under which she should be permitted to toil. Constitutional questions, it is true, are not settled by even a consensus of present public opinion, for it is the peculiar value of a written constitution that it places in unchanging form limitations upon legislative action, and thus gives a permanence and stability to popular government which otherwise would be lacking. At the same time, when a question of fact is debated and debatable, and the extent to which a special constitutional limitation goes is affected by the truth in respect to that fact, a widespread and long continued belief concerning it is worthy of consideration. We take judicial cognizance of all matters of general knowledge.

"It is undoubtedly true, as more than once declared by this court, that the general right to contract in relation to one's business is part of the liberty of the individual, protected by the Fourteenth Amendment to the Federal Constitution; yet it is equally well settled that this liberty is not absolute and extending to all contracts, and that a state may, without conflicting with the provisions of the Fourteenth Amendment, restrict in many respects the individual's power of contract. Without stopping to discuss at length the extent to which a state may act in this respect, we refer to the following cases in which the question has been considered: *Allgeyer vs. Louisiana*, 165 U. S. 578; *Holden vs. Hardy*, 169 U. S. 366; *Lochner vs. New York*, 198 U. S. 45

"That woman's physical structure and the performance of maternal functions place her at a disadvantage in the struggle for subsistence is obvious. This is especially true when the burdens of motherhood are upon her. Even when they are not, by abundant testimony of the medical fraternity, continuance for a long time on her feet at work, repeating this from day to day, tends to injurious effects upon the body, and as healthy mothers are essential to vigorous offspring, the physical well-being of woman becomes an object of public interest and care in order to preserve the strength and vigor of the race.

"Still again, history discloses the fact that woman has always been dependent upon man. He established his control at the outset by superior physical strength, and this control in various forms, with diminishing intensity, has continued to the present. As minors, though not to the same extent, she has been looked upon in the courts as needing especial care that

her rights may be preserved. Education was long denied her, and while now the doors of the school room are opened and her opportunities for acquiring knowledge are great, yet even with that and the consequent increase of capacity for business affairs it is still true that in the struggle for subsistence she is not an equal competitor with her brother. Though limitations upon personal and contractual rights may be removed by legislation, there is that in her disposition and habits of life which will operate against a full assertion of those rights. She will still be where some legislation to protect her seems necessary to secure a real equality of right. Doubtless there are individual exceptions, and there are many respects in which she has an advantage over him; but looking at it from the viewpoint of the effort to maintain an independent position in life, she is not upon an equality. Differentiated by these matters from the other sex, she is properly placed in a class by herself, and legislation designed for her protection may be sustained, even when like legislation is not necessary for men and could not be sustained. It is impossible to close one's eyes to the fact that she still looks to her brother and depends upon him. Even though all restrictions on political, personal and contractual rights were taken away, and she stood, so far as statutes are concerned, upon an absolutely equal plane with him, it would still be true that she is so constituted that she will rest upon and look to him for protection; that her physical structure and a proper discharge of her maternal functions—having in view not merely her own health, but the well-being of the race—justify legislation to protect her from the greed as well as the passion of man. The limitations which this statute places upon her contractual powers, upon her right to agree with her employer as to the time she shall labor, are not imposed solely for her benefit, but also largely for the benefit of all. Many words cannot make this plainer. The two sexes differ in structure of body, in the functions to be performed by each, in the amount of physical strength, in the capacity for long continued labor, particularly when done standing, the influence of vigorous health upon the future well-being of the race, the self-reliance which enables one to assert full rights, and in the capacity to maintain the struggle for subsistence. This difference justifies a difference in legislation and upholds that which is designed to compensate for some of the burdens which rest upon her."

In the recent case of *Ritchie & Co. vs. Wayman* (Illinois), 91 N. E. R. 695, the court said:

"The right of the individual to contract with reference to labor is held inviolable under the constitution on the ground that the privilege of contracting with reference to labor is a property right, within the purview of the constitution. *Frorer vs. People*, 141 Ill. 171; 31 N. E. 395; 16 L. R. A. 492. There inhere in the state, however, certain sovereign powers, among which powers is that characterized as the police power, which when broadly stated, is that power of the state which relates to the conservation of the health, morals, and general welfare of the public, and the property rights of the citizen are always held and enjoyed subject to reasonable exercise of the police power by the state. If this statute can be sustained, it must be sustained,

we think, as an exercise of the police power. In *City of Chicago vs. Bowman Dairy Co.*, 234 Ill. 294, 297; 84 N. E. 913, 914, it was said: 'The police power is said to be an attribute of sovereignty and to exist without any reservation in the constitution, and to be founded upon the duty of the state to protect its citizens and to provide for the safety and good order of society.' In *McPherson vs. Village of Chebanse*, 114 Ill. 46, 28 N. E. 454, 55 Am. Rep. 857, an ordinance prohibiting persons from keeping open their places of business in a city or village for the purpose of vending goods, wares, and merchandise on Sunday was sustained as a proper exercise of the police power. In *Booth vs. People*, 186 Ill. 43, 57 N. E. 798, 50 L. R. A. 762, 78 Am. St. Rep. 229. Section 130 of the Criminal Code, which declares grain option contracts to be gambling contracts, was held to be a valid police regulation. In *City of Chicago vs. Gunning System*, 214 Ill. 628, on page 635, 73 N. E. 1,035, on page 1,038 (70 L. R. A. 230), it was said: 'The police power of the state is that inherent or plenary power which enables the state to prohibit all things hurtful to the comfort, safety and welfare of society, and may be termed "the law of overruling necessity." *Town of Lake View vs. Rosehill Cemetery Co.*, 70 Ill., 191 (22 Am. Rep. 71); *Wabash, St. Louis and Pacific Railway Co. vs. People*, 105 Ill. 236. Anything which is hurtful to the public interest is subject to the police power and may be restrained or prohibited in the exercise of that power. *Dunne vs. People*, 94 Ill. 120 (34 Am. Rep. 698); *Cole vs. Hall*, 103 Ill. 30; *Harmon vs. City of Chicago*, 110 Ill. 400 (51 Am. Rep. 698). All rights, whether tenable or untenable, are held subject to this police power. *Northwestern Fertilizing Co. vs. Village of Hyde Park*, 70 Ill. 634. In *City of Chicago vs. Bowman Dairy Co.*, *supra*, it was held the regulation of the sale of milk and cream in bottles and glass jars by a city was a proper exercise of the police power, and in the *City of Chicago vs. Schmidinger*, *supra*, that the bread ordinances of the city of Chicago, which fixed the size of loaves and regulated the sale of bread, were a valid exercise of the police power.

"From the examples above referred to, found in adjudicated cases, it will be seen that the police power is a very broad power, and may be applied to the regulation of every property right so far as it may be reasonably necessary for the state to exercise such power to guard the health, morals and general welfare of the public. It is known to all men (and what we know as men we cannot profess to be ignorant of as judges), that woman's physical structure and the performance of maternal functions place her at a great disadvantage in the battle of life; that while a man can work for more than ten hours a day without injury to himself, a woman, especially when the burdens of motherhood are upon her, cannot; that while a man can work standing upon his feet for more than ten hours a day, day after day, without injury to himself, a woman cannot, and that to require a woman to stand upon her feet for more than ten hours a day and perform severe manual labor while thus standing, day after day, has the effect to impair her health, and that as weakly and sickly women cannot be the mothers of vigorous children, it is of the greatest importance to the public that the state take

such measures as may be necessary to protect its women from the consequences induced by long continuous manual labor in those occupations which tend to break them down physically. It would, therefore, seem obvious that legislation which limits the number of hours which women shall be permitted to work to ten hours in a single day, in such employments as are carried on in mechanical establishments, factories and laundries would tend to preserve the health of women and insure the production of vigorous offspring by them, and would directly conduce to the health, morals and general welfare of the public, and that such legislation would fall clearly within the police power of the state. Legislation limiting the number of hours which women shall work in establishments similar to those enumerated in the statute now under consideration to a period of not more than ten hours in any one day has been sustained in *Muller vs. Oregon*, 208 U. S. 412, 28 Sup. Ct. 324, 52 L. Ed. 551; *State vs. Muller*, 48 Ore. 252, 85 Pac. 855, 120 Am. St. Rep. 805; *Wenham vs. State*, 65 Neb. 394, 91 N. W. 421, 58 L. R. A. 825; *Commonwealth vs. Hamilton Manufacturing Co.*, 120 Mass. 383, and *Washington vs. Buchanan*, 29 Wash. 602, 70 Pac. 52, 59 L. R. A. 342, 92 Am. St. Rep. 930."

The case of *Muller vs. Oregon*, *supra*, from which we have quoted at such length, was cited with approval by this court in 153 Mich. 98. For an interesting discussion of one phase of the police power see *People vs. Smith*, 108 Mich. 527.

We think it clear that according to the great weight of modern authority the provisions of the law are not unconstitutional.

Second, Is the law class legislation? Counsel contend. We quote from the brief:

"Section 9 of this act in question provides among other things as follows:

"Provided, however, that the provisions of this act in relation to the hours of employment shall not apply to or effect any person engaged in preserving perishable goods in fruit and vegetable canning establishments.

"It is our contention that this exception makes the entire section of the act unconstitutional and void, and is class legislation. Under this exception women may engage their services any number of hours in preserving perishable goods, fruits, vegetables and may work in canning establishments ten, twelve or as many hours as they see fit to contract their services for.

"Solicitors for defendants contend that this bill, and especially Section 9, is a health regulation. That by virtue of the police power the legislature has the right to pass such laws as in their judgment are calculated to preserve the health of the women of the state.

"This exception of the statute entirely abrogates this theory. The legislature by injecting such an exception into the statute, satisfy us that they were not looking to the health of the women but rather the preservation of fruits and vegetables. It is purely the spirit of commercialism without any thought of the health of the women or the number of hours that they shall be employed; in other words, that the provision means simply this, that in order to protect the commercial interests of that class of citizens who are engaged in preserving perishable goods and who invested their money in

canning establishments, may work women any number of hours in order that their profits may be increased and their business not interfered with. If this is not class legislation, we can scarcely conceive what class legislation means."

In the seventh edition of Cooley on Constitutional Limitations, p. 554, the following language is used:

"Laws public in their object may, unless express constitutional provision forbids, be either general or local in their application; they may embrace many subjects or one, and they may extend to all citizens, or be confined to particular classes, as minors or married women, bankers or traders, and the like. The authority that legislates for the state at large must determine whether particular rules shall extend to the whole state and all its citizens, or, on the other hand, to a subdivision of the state or a single class of its citizens only. The circumstances of a particular locality, or the prevailing public sentiment in that section of the state, may require or make acceptable different police regulations from those demanded in another, or call for different taxation, and a different application of the public moneys. The legislature may, therefore, prescribe or authorize different laws of police, allow the right of eminent domain to be exercised in different cases and through different agencies, and prescribe peculiar restrictions upon taxation in each distinct municipality, provided the state constitution does not forbid. These discriminations are made constantly; and the fact that the laws are of local or special operation only is not supposed to render them obnoxious in principle. The legislature may also deem it desirable to prescribe peculiar rules for the several occupations, and to establish distinctions in the rights, obligations, duties and capacities of citizens. The business of common carriers, for instance, or of bankers, may require special statutory regulations for the general benefit, and it may be matter of public policy to give laborers in one business a specific lien for their wages, when it would be impracticable or impolitic to do the same for persons engaged in some other employments. If the laws be otherwise unobjectionable, all that can be required in these cases is, that they be general in their application to the class or locality to which they apply; and they are then public in character, and of their propriety and policy the legislature must judge."

In *Spurr vs. Travis*, 145 Mich. 721, the "sales in bulk act," so-called, was attacked upon the ground of being class legislation and it was there held that it was not class legislation, though its operation was limited to merchants and to those merchants who owe no debts.

The case of *Mt. Vernon Woodberry Cotton Duck Co. vs. Insurance Co.*, 75 Atlantic R. 105, is directly in point. In this case the statute forbids the employment of children under twelve years of age in the mills and factories of the state "other than the establishments for manufacturing canned goods," it was held that the legislation was not class legislation.

In the case of *Ritchie & Co. vs. Wayman*, 91 N. E. R. 695, from which we have already quoted, it was argued that the statute was class legislation. The court decided it was not open to that objection. Some of the language used in the opinion is as follows:

"It is next contended that the act in question is special legislation in this: First, that it singles out the business of those persons who are conducting mechanical establishments or factories or laundries and prohibits the employment of females in those establishments for a longer time than ten hours in any one day, while other establishments engaged in substantially the same business are permitted to employ females any number of hours in one day; second, that it has the effect to divide men and women into classes; and third, that after women have been set aside as a class, to then divide women into two classes—that is, that women who work in mechanical establishments or factories or laundries are only permitted to work ten hours in any one day, and that women who are not employed in mechanical establishments, factories, or laundries are permitted to work any number of hours in any one day—is special and class legislation, and unconstitutional and void.

"The business places which are enumerated by the statute—that is, mechanical establishments, factories, and laundries—form a class by themselves, and differ from mercantile establishments, hotels, restaurants, etc., in this: That the product of those establishments enumerated in the statute is largely produced by machinery, or the employees of such establishments work with machinery, or the pace at which the employees work in such establishments is set by other employees who work with machinery. It would seem, therefore, that the legislature has not arbitrarily carved out a class of establishments in which women whose time of employment is limited to ten hours a day are to work, but that the line of demarcation between the establishments to which the ten hour limit applies, and those to which it does not apply, is clearly defined. In *Hawthorn vs. People*, 109 Ill. 302, 311 (50 Am. St. Rep. 610), the court said: 'It (the statute) embraces all persons in the state similarly engaged. If all laws were held unconstitutional because they did not embrace all persons, few would stand the test. * * * A law is general, not because it embraces all of the governed, but that it may, from its terms, when many are embraced in its provisions, and all others may be when they occupy the position of those who are embraced.' In *Gundling vs. City of Chicago*, 176 Ill. 340, 52 N. E. 44, 48 L. R. A. 230, it was held that the city might regulate the sale of cigarettes and that the law was not special legislation by reason of the fact that it did not require a license of all persons who sold tobacco in the city. In *City of Chicago vs. Bowman Dairy Co.*, *supra*, it was held that the city might regulate the sale of milk and cream in bottles or glass jars without the ordinance being subject to the objection of being special legislation because all persons who sold milk or cream in the city did not fall within the terms of the ordinance. We do not think the statute objectionable on the ground that it amounts to special legislation.

* * * * *

"As to the third objection, that women by the act are divided into two classes—that is, those whose service is limited to a ten-hour day and those whose service is not limited—we have also already suggested the answer to this contention, namely, that those women whose service is limited to a ten-hour day work in establishments whose products are produced by machinery,

or whose employees work with machinery, or the pace at which such employees work is set by other employees who work with machinery. We think that women thus situated, while at work are under a pressure and spur which is much more likely to drive them to over-exertion when exhausted by long continued effort, and thereby to impair their health, than are their more favored sisters likely to be driven, who are engaged in an employment which is not forced at all times up to the limit of production by the agencies of steam, electricity, or other motive power when applied to machinery. There is, therefore, we think, an obvious and clear distinction between the two classes of women when working in the class of employment covered by the statute and in other vocations of life, by reason of their environment when at work. It is well settled that legislation which applies only to a certain class of citizens is not, under all circumstances, class legislation. A law that is made applicable to only one class of citizens, however, must be based upon some substantial difference between the situation of that class and other individuals to which it does not apply. Here, we think that substantial difference exists. *Harding vs. People*, 160 Ill. 459, 43 N. E. 624, 32 L. R. A. 445, 52 Am. St. Rep. 344; *Gillespie vs. People*, 188 Ill. 176, 58 N. E. 1,007, 52 L. R. A. 283, 80 Am. St. Rep. 176; *Horwich vs. Walker-Gordon Laboratory Co.*, 205 Ill. 497, 68 N. E. 938, 98 Am. St. Rep. 254; *Starne vs. People*, 222 Ill. 189, 78 N. E. 61, 113 Am. St. Rep. 389; *Jones vs. Chicago, Rock Island and Pacific Railway Co.*, 231 Ill. 302, 83 N. E. 215, 121 Am. St. Rep. 313. We therefore conclude the act now under consideration is not subject to the objection that it is class legislation because it does not apply to all women who perform manual labor."

See also 9 Michigan Law Review, p. 44.

If legislation which applies to one calling only, pursued by women, is not class legislation, it is difficult to see how legislation which applies to many callings pursued by women can be said to be class legislation because it does not apply to all callings pursued by her. We conclude the legislation is not unconstitutional, and that it is not class legislation. The decree of the lower court is reversed and one may be entered here dismissing the bill of complaint with costs of both courts.

REPORT OF THE COMMITTEE ON INTERNATIONAL RELATIONS.

By the Chairman, MR. FRANCIS McLEAN.

France.

The Consumers' League in France has become more than a Paris League. There are in France eighteen sectional Leagues, including the Paris one. The principal cities outside of Paris are Toulouse, Reims, Lyons, Marseilles, Nice, Dijon and Grenoble. It should be noted also that the League in Switzerland has seven sections.

Madame Brunhes writes regarding Paris:

"You have asked me what is being done at present by the Consumers' League of France. Progress has been made along various lines; it consists not only in the number, but also in the quality of members. We have never tried to get the highest possible number of members, but above all, we have tried to enrol people who are really active and who are trying to aid us by their voluntary efforts. Now that the selection is formed, the questions multiply, for methodic and serious inquiries bring exact results.

"Progress is seen in the organization of different sections. Eighteen sections flourish, and are working, each developing its own particular initiative, but uniting at a common center.

"Our main object is not to increase the number of our branch offices rapidly. Before permitting a group to be established, the capabilities of the members must be demonstrated; *i. e.*, an inquiry must have proven that the enthusiasm is not of a day's duration, and that its members are capable of combating the numerous obstacles that are always to be found at the start. The progress of the sections, the individual efforts of our members—these are recorded in our Bulletin. In the report of M. Jacques Turret, general secretary, printed in the Bulletin of the first quarter of 1910, the details of all the campaign are given, and it can be seen that the centralization of the branches is complete, and that the method employed is similar everywhere.

"What is this plan of action? It is yours, for I do not believe that the League of France is departing for an instant from the primary inspiration that came from you. However, one point remains a little vague, one in which we are evidently advancing. It is to this point that I wish to call the attention of our colleagues in America.

"In the beginning the leagues adhered to several distinct reforms; they have limited their field of action with much wisdom, for it is evident that all reforms cannot be made at once, and that all abuses cannot be fought at the same time. In the United States you have upheld the cause of mercantile employees, the factory workers, and the working children. In France we have fought for the needle-workers, and the first result of our labor has been

that since the 1st of July, 1910, night work has been abolished in all the sewing factories of France, by special decree.

"In Switzerland it is the workers in the chocolate factories who have attracted and held the attention of the members of the League.

"In Germany the clerks have been the object of their solicitude, etc.

"But, besides this very well defined action, there is another, the rôle of the Consumers' League is that of educator—you also have often said so—educator of its members, educator of public opinion.

"That is why, besides white lists and labels, which must be reserved for trades in which the Consumers' League has the power to make investigations and to compile careful and extensive registers, instantaneous relief of another kind can be given to the workingmen who find it necessary to make their claims known.

"In France, where it is customary to close the stores at seven o'clock, but to work at night in the bakeries, the Consumers' League offers its aid in obtaining their rights to the various workers wronged. By means of conferences, the press, lectures, and tracts, it has often succeeded in turning public opinion. M. Justin Goetart, the reporter of the bill against night work in bakeries, has recognized this in his recent book, and has publicly thanked the Consumers' League for the aid given to the bakers at the time when the public, misinformed, was no longer interested in their behalf. Thanks to the Consumers' League, opinion now upholds the bill against night work in bakeries and also the one in favor of a minimum salary for home workers.

"Some campaigns of education are only momentary. But we must say to ourselves that the social aid given to a suffering working woman may perhaps be invaluable relief: it is the stroke of the oar which brings back the ship's equilibrium and permits it to continue its voyage without further interference from a stranger.

"All members of all the branches of the Consumers' League reconcile themselves to this plan of action, which, little by little, should be yours; the Consumers' League has especially devoted itself to the realization of several exact reforms through the use of the label and the white list applied to certain trades. Then, besides this well defined work, this original work, a more extended plan, less consistent, adapts itself to circumstances, to the present workingman's campaign for which, in this case, the 'chevaliers' of the past afford us a good example: the spontaneous aid given to the oppressed, who appeal to us, who need us.

"Yours sincerely,

"HENRIETTE J. BRUNHES."

There are several rather important points in Madame Brunhes refreshing letter. It is evident that because the local development has come after the general society was organized, there is a higher degree of co-ordination than we can yet claim in the United States, where the movement started locally and then developed nationally.

Of interest is the distinctly opportunist attitude of the League with

reference to a portion of its program, and the fact that through the appeal of individual workers there has come agitation for the righting of specific evils in specialized fields. It is evident that the pioneer spirit is uppermost in the French League and there would be possible danger of a diffusion of its energy were it not that such practical, capable persons are at its head. Whether with the development of the sections there will not have to come some definitely limited program from year to year, is a question which will be worked out during the next two years.

Germany.

From Berlin comes the following personal note from Mrs. Oestreich:

"Thanks for your friendly letter. I am sending you some printed material giving an outline of our work.

"We intend to greatly broaden our work, and in fact extend it wherever the purchasing public is an important factor.

"During 1910-11 we also intend supporting the fight against trashy and obscene literature and pictures; only the names of those who we are convinced do not sell this type of literature and pictures appearing on our white list.

"Employees fighting against injustices will receive our assistance, either through our influencing the employer or public opinion. A petition will be sent to the government and churches asking their aid in obtaining Sunday as a holiday for all employees.

"The working conditions in laundries employing more than ten are now regulated, but in the laundries employing less than that number they are as bad as ever. The public has been appealed to, requesting that they should not thoughtlessly add to this sad state of affairs by sending work in late and demanding it on short notice. They were asked to send on Monday all work desired for the following Saturday.

"The bakers now have a union. But efforts will be made to secure better conditions for bakers and confectioners who do not belong to the union, as they are still working under the old bad conditions.

"Confectioners, book stores, shoe stores, stationers, toy dealers are all as yet not greatly represented on the white list.

"Mrs. M. OESTREICH."

The annual report of the Deutscher Kauferbund for the year 1909, the latest one published, has the following interesting recital of developments:

"Altogether the League's four sections now have 720 individual members, and 25 organizations, making a total of 146,000 persons who are members. Addresses were made and organization effected in Freiburg, Leipzig and Frankfort. During the current year they intend organizing in Halle, Koenigsburg and Wiesbaden. Twenty-three new firms appear on the white list, making a total of ninety-four firms on this list. They are especially trying to interest clothing dealers, shoe and toy dealers, stationers and department stores. At Christmas special effort was made through newspaper appeals

and the distribution of the white list to induce the public to shop early. The public is now being appealed to and the police are co-operating in endeavors to enforce the 8 o'clock and Sunday closing law. In December, 1909, a law was passed prohibiting children under fourteen from selling on the streets. However, this law is evaded by the children now appearing accompanied by adults, the lame, blind, etc. The League intends fighting this development. An appeal will be made to the public through the press, and to the government, in behalf of the bakers, in an endeavor to procure Sunday as a holiday for them. The public will be asked to help by making all purchases on Saturday.

Comment.

A membership of this size for a society a few years old is astonishing, even if it simply means organization representation. Here, as in France, there is to be seen that natural diffusion which may in later years turn into more compressed programs.

But both in France and Germany it is significant that the field of activity has increased beyond that with which we are familiar in this country. So far as local and general legislation is concerned, as well as influence upon administration, both Leagues show healthy progress. This is in addition to the personal influence, as indicated in their white lists, etc. The distinct and rather important position occupied by the two Leagues is interesting because it was urged some years ago that they were entirely unnecessary in European countries, since the field was fully occupied by other forms of organization. The surprising development of the German League, considering its age, is convincing evidence that despite the interest of other organizations, there is need of just this form of work.

This means a definite renewal of the propaganda campaign in countries still without Leagues, using this time the work of the three European Leagues rather than that of the American League. We shall endeavor to devise some method for this.

Child Labor Legislation.

There is the more reason for doing this because the National Bureau of Labor has recently issued in the Bulletin of the Department a comprehensive report upon child labor legislation in all of the European countries, prepared by Prof. C. W. Verdictz. Some doubtless know of the report, presented through the International Bureau of the Association for Labor Legislation, on administration in European countries.

REPORT OF THE COMMITTEE ON PUBLICATIONS

By the Chairman, MISS JOSEPHINE GOLDMARK.

The investigation of the budgets of working women and girls made two years ago for the National Consumers' League by Sue Ainslie Clark has been printed. Miss Edith Wyatt prepared the material for publication in "McClure's Magazine," bringing it to date by personal investigations during the spring and summer of 1910.

The articles appeared in the October, November, December, 1910, and February, 1911, numbers of "McClure's." They were entitled:

"Working-Girls' Budgets."

"The Shirtwaist Makers and Their Strike."

"Unskilled and Seasonal Factory Workers."

"Women Laundry Workers in New York."

These articles have received widespread public notice, and have accomplished concrete results. The Laundrymen's Associations took up officially the description of working conditions in the laundries, contained in the February "McClure" article. In a conference with Miss Wyatt and representatives of the New York City Consumers' League, representatives of the Laundrymen's Associations declared themselves in sympathy with the League's efforts to lessen the hardships of laundry workers, and agreed to co-operate in legislation.

During the past year various other articles have been published on different phases of the National Consumers' League work. Father Ryan, of the League's Committee on Minimum Wage Boards, spoke on "Minimum Wage Boards" at the National Conference of Charities and Corrections held in St. Louis, June, 1910. His article was reprinted in the September "Survey."

Mr. Arthur Holcombe, Chairman of the League's Committee on Minimum Wage Boards, has published two articles on this subject in the "Survey" of December 1, 1910, and April 1, 1911.

The General Secretary published an article on "The Sweating System" in the November "Chautauquan." She spoke on "What our Official Statistics do not tell Us" at the National Conference of Charities and Corrections in June, 1910. The article was printed in the September "Survey."

Other articles reprinted and distributed were:

From "McClure's Magazine," July, 1910, "Toilers of the Tenements," by Elizabeth S. Sergeant.

From the "Survey": "Homework in the Tenements," by Elizabeth Watson; "Limiting Women's Working Hours," by Florence Kelley; "Another State in Line," by Josephine Goldmark.

REPORT OF THE COMMITTEE ON LECTURERS

By the Chairman, REV. JAMES T. BIXEY.

Owing to the illnesses that have disabled me during a large part of the twelve months since I gave my last annual report, I have written but few letters for the League, and have no new names to add to our list of those willing to address the public in our behalf. I will, therefore, devote the space allowed me in this year's report to a summary of the results obtained in the period since I undertook this work.

In reply to my letters to men and women of repute, asking permission to enter their names in our list of those willing occasionally to address the public in behalf of the National Consumers' League, when called upon with due notice, I have secured assent to my request from over sixty men of distinction in various parts of our country. Among those are:

One United States Senator:

Hon. J. M. Daniel, of Virginia.

Two Episcopal bishops:

Dr. Henry C. Potter, Bishop of New York.

Dr. Richard W. Nelson, of Albany, N. Y.

Five university or college presidents:

Dr. David S. Jordan, President of Leland Stanford University, California.

Dr. Benjamin I. Wheeler, President of the State University of California.

Dr. F. W. Hamilton, President of Tufts College, Massachusetts.

Dr. John Finley, President of College of City of New York.

Dr. Booker T. Washington, President of Tuskegee Institute, Alabama.

Four college professors:

Prof. George B. Foster, of Chicago.

Prof. James H. Canfield, of Columbia University.

Prof. John B. Clark, of Columbia University.

Prof. William A. Brown, Union Seminary.

Four philanthropists:

Dr. Robert E. Ely.

Mr. William I. Nichols.

Prof. Charles Sprague Smith.

Dr. Leighton Williams.

Forty-four clergymen of high repute of various denominations.

The editors of three well-known magazines, viz: the "Lend-a-Hand Record," the "Outlook," and the "Independent" offer assistance to us through friendly notices and other use of their columns, when desired by us.

REPORT OF THE FOOD COMMITTEE

By the Chairman, MISS ALICE LAKEY.

The chief work of the Food Committee this year has been the effort to secure the truthful labeling of beer. Mr. J. R. Mauff, of Chicago, who had been fully accredited to the committee, placed in our hands in May, 1910, the copy of a brief on beer which had been filed by him with the Board of Food and Drug Inspection at Washington the previous February. There seemed little chance of its seeing the light. But after several months' work on the part of this committee word comes that within a short time the Board of Food and Drug Inspection will give hearings in Washington to the brewing interests and issue regulations as to the labeling of all beers and malt products. On December 31st Mr. Mauff wrote "that our action and resolution did more to arouse the attention of the authorities in Washington than all the other work put together." Again, on January 12th, Mr. Mauff wrote: "When in Washington last November it looked like a hopeless case trying to force a hearing in opposition to the wishes of the United States Brewers' Association, so that it is gratifying to know how much good has been accomplished in the short time, largely no doubt on account of your interest and agitation in the matter." The resolution on beer was passed by our committee, November 28, 1910. On December 12th, the brewing firm manufacturing the most expensive beer in the country changed its label by adding to it the word "rice." The text-book on beer, entitled "American Beer," mentions nothing but barley malt, hops and water as the ingredients of beer, yet when the Standards Committee met at Mackinac in 1908 to decide on beer standards, a member of the committee representing the United States Brewers Association stated that there was no use in setting a standard for beer of all barley malt and hops, as that brewing method was obsolete.

If this is true, if beer is now only made from brewing syrups, brewing sugars, rice, corn, glucose, preservatives, etc., then let the consumer know the facts, by a truthful label. No cereals but malted barley and other malted cereals, "or cereals from which the starch has been converted by malt" should be used in beer.

Beer is frequently prescribed to invalids. It is wicked to adulterate it. The resolution on labeling beer was passed by our Executive Board, January 20, 1911.

The government enacted the law and now piece by piece tears it apart. This committee stands for the principle of truthful labels whether on whiskey, beer, jam or baking powder. When we are fully civilized the truth must be told not only on labels but on every placard or poster and by every advertisement.

The chairman will represent the League at Washington at the hearings on beer. She has spoken for the Federations of Clubs for the States of

New York, Connecticut, and Rhode Island, and for the Essex County Teachers' Association on the Betrayal of the Pure Food Law.

The committee calls your attention to a valuable book, "American Meat," by Dr. Albert Leffingwell. The author shows that under the present interpretation of the Federal meat law the use is permitted of meat from the carcasses of animals infected with tuberculosis, cancer, and other horrible diseases.

The committee asks you to read this book (published by Theo. E. Schulte, 132 East Twenty-third street, New York), and not to rest until your state passes meat laws as good as those of Pennsylvania. We also call to your attention the pamphlet, "What Some People Eat." It is issued by the Massachusetts Society for the Prevention of Cruelty to Animals, and copies may be had by applying to Dr. Francis Rowley, the president, 45 Milk street, Boston.

Through the generosity of Mrs. Charles E. H. Phillips two small traveling exhibits of adulterated foods have been prepared. One was shown at the Child Welfare Exhibit.

Several names of well-known men have been added to the Advisory Board of this committee. Among them are: Dr. Ira S. Wile, Dr. Daniel R. Lucas, Dr. Albert Leffingwell, of New York; Lucius P. Brown, of Tennessee; Dr. Henry Enos Tuley, of Louisville, Ky.; Henry A. Weber, of Columbus, Ohio; Charles D. Woods, of Orene, Me.; R. A. Pearson, of Albany, N. Y.; Charles D. Howard, of Concord, N. H.; Raymond B. Fosdick, of New York; W. M. Allen, of North Carolina; P. E. Rose, of Florida; H. Louis Jackson, of Kansas.

Attention is called to a letter from H. Louis Jackson, state food analyst of Kansas, in which he tells of the hearings on vinegar at Washington. Every effort is being made to lower the standard so that anything may be called vinegar, just as anything may be called "whiskey."

Several leagues report no work for pure food. This indifference of consumers is killing the pure food law. The Food Committee not only needs your co-operation, but the very law itself needs your help, not your neighbor's, but yours.

The Massachusetts League reports work for better sanitary conditions in bakeries, as a result of a suggestion made by the women's clubs and the State Board of Health, and carried out with their co-operation. The plan has been to consult the local boards, ask their co-operation, visit local bakeries with inspectors. Bad bakeries have been located and reported to the Board of Health, and good ones placed on an approved list, while the doubtful places have been placed on a waiting list until they clean up.

Miss Wiggin adds that while the club women make the first visits to bakeries, the final decision as to their classification is left with her. The movement has produced interest shown by inquiries from clubs, newspapers and individuals, and by the co-operation of local boards of health. The leaflet issued by the Consumers' League of Massachusetts gives the names of eighteen recommended bakeries. This list would probably be doubled if it were issued now, so great has been the improvement.

The investigation first made showed that the following improvements were needed in the bakeries of the state:

1. Abolition of basement bakeries.
2. Screening of doors and windows.
3. Machine mixing of bread.
4. Medical examination of bakers.

The Food Committee did not find it practicable to set so high a standard, but it recommends the bakers on its list because of:

1. Reasonable cleanliness in all processes of manufacture.
2. Fair conditions for employees, including a maximum working week of sixty hours.
3. Complete separation of bakeries from living and sleeping rooms.

Mrs. Stern, president of the Consumers' League of Milwaukee, reports that the pure food committee has worked in the interest of the food laws of the state. A committee investigated markets and groceries as to protection of perishable food stuffs from dust, flies, etc. As a result the League brought pressure to bear not only upon the merchants, but upon consumers by distributing cards bearing paragraphs from the state food laws prescribing the sanitation of food products. The League was assisted in the distribution of these cards by the Metropolitan Life Insurance Company and several large department stores.

Mrs. B. C. Gudden, vice-president of the Wisconsin League, reports that the slaughter house bill drafted by the Food Committee of the National Consumers' League is before the State Legislature in a revised form. The food committee of that state has distributed sanitary score cards, rules for the dairies, care of milk, etc. It has also mailed and published in the newspapers anti-fly leaflets, setting forth the danger of infection from flies and their connection with a high infant mortality rate. The leaflets of the League, Dr. Goler's pamphlets and material from the progressive and aggressive Fly Fighting Committee of the New York Merchants' Association, have been distributed.

Wisconsin has appointed public sealers and weighers to protect consumers from frauds in weights and measures.

Mrs. McVickar, president of the New York State Consumers' League and chairman of its food committee, reports that they have taken up the question of false weights and measures. They actively supported the Cobb-Meritt bills which passed the Legislature last season. As chairman, Mrs. McVickar sent letters to twenty women's clubs asking for a report of work done and plans for future work. A few clubs reported great activity, but the number interested, Mrs. McVickar states, is absurdly small in view of the importance of the subject.

The Rochester Consumers' League Committee of the Women's Educational and Industrial Union, has had an ordinance passed to compel the screening of manure pits; 7,000 original posters were printed showing the dangers from flies, and published through the co-operation of the Health

Bureau and the committee. Moving fly films were shown, and literature of the Fly Fighting Committee of the American Civic Association given out. The committee is about to take up the milk problem and a campaign against exposing fruits and vegetables to dirt and dust outside of shops. Mrs. Gardner Raymond, a member of the Food Committee of the National Consumers' League, is the active leader in this work.

The Consumers' League of New York City reports an educational campaign to enlighten consumers, as well as dealers in food products. The committee urges consumers not to buy at dirty stores and to refuse services of unclean clerks selling foods. Thousands of leaflets urging these points have been distributed to consumers and to shopkeepers in all parts of the city. The shopkeepers have been given a blue card labeled "Please keep the food clean."

The New York City committee is reaching consumers through the Lecture Course of the Board of Education under Dr. Leipziger's direction, the Committee of Hygiene of the City Federation of Women's Clubs, and Dr. Ely of the League for Political Education of Women; also by means of settlement workers, mothers' clubs, and other channels.

The committee has secured the following amendments to the Sanitary Code, heartily endorsed by delegates from the Grocers' Union of Greater New York, who were present at a meeting of the committee. The grocers declared that the consumer would benefit by food free from dirt from the street, and that the dealer would benefit because the food would not be wilted by exposure.

SECTION 46. *Sanitary Code.*—No breadstuffs, cake, pastry, dried or preserved fruits, candies or confectionery shall be kept, sold or offered for sale outside of a building in the City of New York or in any street or public place, unless they be kept properly covered so that they shall be protected from dust and dirt.

SECTION 49. Every person, being the owner, lessee, or occupant of any room, stall or place where any meat, fish, fruit or vegetables, designed or held for human food, shall be stored or kept, or shall be held or offered for sale, shall put and keep such room, stall and place, and its appurtenances, in a cleanly and wholesome condition; and every person having charge, or interested or engaged, whether as principle or agent, in the care or in respect to the custody or sale of any meat, fish, fruit, birds, fowl or vegetables, designed for human food, shall put and preserve the same in a cleanly and wholesome condition, and shall not allow the same, or any part thereof, to be poisoned, infected, or rendered unsafe or unwholesome for human food.

The committee has taken up the question of having women food inspectors, as suggested by Miss Nutting, of Teachers' College. Dr. Lederle endorsed the plan, believing it would be of assistance in his department, and suggests that women take the civil service examination and be prepared for the positions.

An investigation made for the New York City League showed that while the stores in the residential districts were fairly clean, they were not clean in the tenement districts.

The amended Sanitary Code was violated by street vendors who said their first knowledge of the new ordinance was from the League's blue card. One woman said if she were arrested for violating the code the judge would say, "Poor woman," and fine her a small sum. Where soiled food was found the investigator was offered a bribe. Many of the delicatessen stores and cheaper restaurants were dirty, and the food exposed to dirt from the streets. An improvement was noted in many places where cooked foods, berries, etc., were exposed in glass cases; some shops display signs asking customers not to handle the foods.

The committee has sent out 20,000 pieces of literature, including the Sanitary Maxims. The National Woman's Christian Temperance Union have issued a million copies of the Maxims. The committee has distributed about 6,000 copies of the Bulletin on Flies, issued by the Fly Fighting Committee of the American Civic Association.

The New York City Consumers' League has had an investigation made of the bakeries during the past year, and proved that the charges brought by the striking bakers in May, 1910, as to the dirty and unsanitary conditions in city bake shops, were frequently true. The investigation also demonstrated that practically no cellar bakeries are clean and wholesome enough to be desirable places in which to make bread. Bakeries underground are bound to be dirty. There is no light, no air, and the walls and floors are frequently damp, and in bad weather often wet. The street dust blows in through the entrance, which is usually the only ventilating opening; dripping drain pipes and water pipes are common. Although many disgusting sights were seen which might have been ascribed to individual carelessness, the general result of the investigation shows that the greater number of departures from a desirable sanitary standard could be directly ascribed to the fact that the bakery was in a cellar.

The Portland (Oregon) League has passed the resolutions on whiskey and beer, and will present to the Legislature the model slaughter-house and meat inspection bill.

Mr. John Martin, treasurer of the Food Committee, reports a balance of \$75 on hand.

REPORT OF THE COMMITTEE ON EXHIBITS

By the Chairman, MISS EDITH KENDALL.

The Committee on Exhibits has spent most of its time in preparing and showing the exhibit belonging to the Consumers' League of New York City. This has been almost doubled, and is now arranged in two exhibits, which are kept constantly traveling. A suit-case exhibit has also been created, which is taken by speakers to many meetings.

The two larger exhibits have been loaned to various state leagues. One has traveled through New York State; has spent six weeks at Chautauqua twice, has visited the Silver Bay Conference and been applied for by the Stony Brook Conference in Long Island. It has been shown in colleges, churches, clubs and private houses, in many cities.

It was loaned for six weeks to the state league of Massachusetts, which took it from east to west in the state and had it constantly on the move. It has visited New Hampshire and will visit Delaware. It has been asked for in Pennsylvania, some of the Middle Western States, and by the University of California.

Teachers' College, Columbia University, entertained the exhibit for about one month.

There are numerous calls for such an exhibit, and the Committee could keep several moving if it had the money and material.

The Committee has prepared two sets of lantern slides which can be sent with a typewritten lecture.

With such a model before us as the Child Welfare Exhibit, the Committee feels that a National Exhibit with contributions from every state would do more to further the cause than any other one thing. It could be national in a double sense: first, prepared by committees from each state; second, exhibited in all the large cities throughout the Union in rotation. If these committees kept in active service, new material would constantly be provided and every year the exhibit could be remodelled and start again on its travels.

We suppose it would be impossible to raise \$65,000 as the Child Welfare Committee did, and to employ a Beaux Art architect to arrange the exhibit, and to find a body of men and women who would give the time and devotion which has been given to the Child Welfare Exhibit, but this Committee believes that an exhibit is an absolutely necessary part of our campaign. If we cannot do a thing as well as other people, let us, at least, do it to the very best of our ability.

Mr. DeForest in his address at the Child Welfare Exhibit said that the tenement house investigation and resulting law grew out of the tenement house exhibit, and declared that the tuberculosis agitation and laws largely grew out of the great Tuberculosis Exhibit. What might not grow out of a great exhibit showing the facts which the Consumers' League has material to show!

REPORT OF THE SPECIAL COMMITTEE ON MINIMUM WAGE BOARDS

By the Chairman, MR. ARTHUR N. HOLCOMBE.

The Committee has held no meetings during the year, but has transacted its business by correspondence. Its work has been directed toward two ends: (1) agreement upon a legislative program adapted to the peculiar American conditions; (2) publicity for the proposal to establish minimum wage boards. A draft of a wages board bill, based upon the British Trades Board Act of 1909, has been prepared, and submitted to the members of the Committee and others for criticism. A bill framed upon the same general plan has been introduced into the Legislature of Minnesota, and one framed upon a wholly new plan has been introduced into the Legislature of Wisconsin. In Massachusetts a bill for the appointment of a special commission to study the question has been introduced into the Legislature with some prospect of favorable action. The Committee has watched the progress of this proposed legislation, and attempted to give it wider publicity. It has also watched the experience of our British cousins with the enforcement of their minimum wage law, and hopes to give to that experiment wider publicity on this side of the Atlantic. The need for the legal determination of wages is constantly brought home to the American public by the daily and periodical press. The Committee directs its efforts primarily to showing the application of a particular remedy for that need, namely, wage boards.

The Minimum Wages Bill Pending in Wisconsin.

Section 1. The following terms, as used in this act, shall be construed as follows:

(1) The term "employment property" shall mean physical property used for the production and sale for profit of products of labor hired for wages.

(2) The term "employer" shall mean the owner of employment property. The acts of any person in authority over employment property and in the course of exercising such authority, shall be deemed the acts of the owner. Any such person shall be deemed the agent of the employer for the purposes of this act.

(3) The term "employee" shall mean any person hired by an employer to work upon, in, or about employment property.

(4) The term "wage" or "wages" shall mean compensation for labor measured by time, piece, or otherwise, and paid in money or otherwise.

(5) The term "living wage" shall mean such compensation for labor performed under reasonable conditions as shall enable employees to secure for themselves and those who are or may be reasonably dependent upon them the necessary comforts of life.

(6) The term "oppressive employment" shall mean an occupation in which employees are unable to earn a living wage.

Section 2. All employment property is hereby declared to be affected with a public interest to the extent that every employer shall pay to every employee in each oppressive employment at least a living wage. No employer shall fail or neglect to pay to every employee in each oppressive employment at least a living wage.

Section 3. The commissioner of labor is vested with power and jurisdiction to have such supervision of employment property as may be necessary to enforce this law and all lawful orders and requirements. He shall investigate, hold public hearings, ascertain, and classify each oppressive employment, and shall fix for each such employment the living wage which shall be the minimum wage to be paid by all employers to all employees in such employment. He shall prescribe, modify, and enforce such reasonable regulations and orders as may be necessary to give effect to this act.

Section 4. It shall be unlawful for any employer to employ labor in an oppressive employment unless he shall first have obtained a license as herein provided. Application for such license may be made to the commissioner of labor by any employer, and the commissioner of labor shall grant such license, stating therein the living wage which shall be the minimum wage to be paid in such employment. Each employer granted such license shall keep a register of the names and addresses of all persons employed by him in such employment, and shall permit the commissioner of labor or his subordinate to inspect it on demand. The license shall be revoked by the commissioner of labor if it appears on investigation that the employer has paid or is paying less than the living wage stated therein, or if the employer fails to keep the register, or refuses to permit its inspection, as herein provided.

(Proceedings for hearings, etc., same as in railroad commission law.)

Section 6. Any employer who discharges or in any other manner discriminates against any employee who has testified, is about to testify, or whom such employer believes may testify, in any investigation or action relative to the enforcement of this act, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine of twenty-five dollars for each such violation.

Section 7. Any person violating any of the provisions of this act shall be deemed guilty of a misdemeanor, and shall upon conviction thereof be punished by a fine of not less than ten dollars nor more than fifty dollars, or by imprisonment in the county jail not less than ten days nor more than three months.

Section 8. If any employee shall receive less than the wages provided for herein, he or his guardian, representative, or if he be dead, his legal representative, shall be entitled to recover in a civil action the full amount of his living wage as provided for herein, together with costs, attorney's fees, and exemplary damages, notwithstanding any agreement to work for such lesser wage. In such action, however, the employer shall be credited with any wages which he has heretofore paid upon account.

REPORT OF THE SPECIAL COMMITTEE ON COLLEGES AND GRADUATES

By the Chairman, MISS ROSAMOND KIMBALL.

The Committee on Colleges and Graduates in April, 1910, sent letters to thirty colleges, urging the faculty and students to organize leagues. The results were not as satisfactory as we had anticipated, owing to the fact that the appeal reached the colleges in the spring of the year, when it was difficult to organize.

In June, the presidents of the college leagues were asked to send us lists of the graduates who would continue their interest in the Consumers' League after they left college. During the summer lists were sent to each state secretary of those graduates living in her state. The names were starred and double starred according to the degree of their efficiency as future helpers in the work of the League.

There were fifty graduates who live in states where there are no leagues. The Committee wrote personal letters to these—with a result that we are now in correspondence with alumnae who are forming new centers of activity for Consumers' League work in Arkansas, Florida, Michigan, Texas, and Virginia.

The Committee wrote to all the school and college leagues in the East, urging them to send delegates to the October Quarterly Meeting of the Executive Committee of the National Consumers' League, and announcing a special meeting of these delegates with the Committee on Colleges and Graduates, in order to discuss plans for enlarging and strengthening the work which is done by each school and college league. The response from the colleges was most satisfactory. At the meeting with the college delegates it was decided to prepare a list of stores which carry Consumers' League goods in New York, Boston, Philadelphia, Washington, and Chicago, and send these, early in December, to all the school and college leagues in order that the students might know where to buy during the holidays.

The chairman interviewed the managers of several of the large department stores of this city in the hope that they might be induced to put goods bearing the Consumers' League label on their counters, if told that by so doing their stores would be placed on this list, which was to go to all the large women's colleges in the East. She received the same answer wherever she went. That the name of the store was sufficient guarantee for the "clean and healthful conditions under which the goods were made."

A list of topics for study and discussion by school and college leagues, together with a list of books and magazine articles, has been prepared. These topics do not confine themselves exclusively to the Consumers' League work, but include other social activities. The aim is to stimulate these leagues to become familiar with many of the social problems which confront us as a

nation, so that each member will be better equipped to help solve her own local problems when she has graduated.

We have prepared a list of "Suggestions for Consumers' League Work in Schools and Colleges," and also "Suggestions for Consumers' League Work in a City or Town," which will serve as a guide to those who have graduated.

The chairman visited four college leagues in March, 1910, and spoke at Simmons and Radcliffe College. On October 26th she spoke before the Smith College Consumers' League, and on October 27th at the MacDuffee School in Springfield, Mass.; as a result a league was organized. Another league was formed at Packer Institute, Brooklyn, where she spoke on December 1st. New leagues have also been started at Pratt Institute, at the University of Syracuse, and at Miss Madeira's' School, Washington, D. C. A league is at present being organized in Trinity College, Washington, D. C.

It has been necessary to enlarge the Committee, in order to meet the growing demands which the work has laid upon us. We are fortunate in securing Miss Seabury, of St. Agnes School, Albany, as our new advisory member, and Mr. A. Rufus Morgan. Mr. Morgan's home state is North Carolina, and already through his knowledge of and connections with the South we are organizing a league in Raleigh, and there are prospects of having one in the State Normal School of North Carolina.

We have now ten college leagues and seventeen school leagues, and alumnae who are actively interested in spreading the work of the League in six states where there is no Consumers' League.



MAKING ARTIFICIAL ROSES AT 20 CENTS A GROSS.

All the children work after school. A baby one month old is lying on the bed.



MANUFACTURING HUMAN HAIR.

Much of the hair imported from China is believed to come from the colonies of criminals and of lepers. It is disinfected by order of the federal government before entering this country, but is again exposed to infection in the tenements where it is manufactured.

TREASURER'S REPORT

CASH RECEIPTS AND DISBURSEMENTS.

January 1 to December 31, 1910.

RECEIPTS.

<i>New York—</i>		
Special appeal	\$3,123 60	
Contributions	2,360 00	
Quota	184 92	
		\$5,668 52
<i>Massachusetts—</i>		
Contributions	\$996 30	
Quota	100 40	
		1,096 70
<i>Pennsylvania—</i>		
Contributions	\$642 20	
Quota	107 80	
		750 00
<i>Ohio—</i>		
Contributions	\$200 00	
Quota	73 10	
		273 10
<i>New Jersey—</i>		
Contributions	\$100 00	
Quota	56 30	
		156 30
<i>Connecticut—</i>		
Quota		48 90
<i>Maryland—</i>		
Contributions	\$20 00	
Quota	28 70	
		48 70
<i>Wisconsin—</i>		
Contributions	\$11 35	
Quota	10 70	
		22 05
<i>Oregon—</i>		
Quota		20 00
<i>Kentucky—</i>		
Quota		20 00

<i>Illinois—</i>	
Quota	\$19 00
<i>Rhode Island—</i>	
Quota	15 00
<i>Delaware—</i>	
Quota	12 60
<i>New Hampshire—</i>	
Contributions	12 00
<i>Missouri—</i>	
Quota	11 50
<i>California—</i>	
Quota	10 00
<i>Maine—</i>	
Quota	5 40
<i>Wellesley College—</i>	
Quota (1910 and 1911)	100 00
<i>Smith College—</i>	
Quota	38 50
<i>Vassar College—</i>	
Quota	29 40
<i>Mt. Holyoke College—</i>	
Quota	18 60
<i>Mrs. Dow's School—</i>	
Quota	12 50
Individual memberships	103 50
"McClure's Magazine," for "Working Girls' Budgets"	500 00
Sundry receipts for printed matter, etc.	73 32
Total receipts for 1910	\$9,065 59
Cash on hand January 1, 1910	518 57
	\$9,584 16
=====	

DISBURSEMENTS.

Salaries	\$6,686 32
Printing and stationery	727 07
Rent	629 00
Special appeal	668 53
Postage	177 56
Traveling expenses	152 52
Telephone	57 04
Office furnishings	14 34
Photographs	10 50
Sundry small payments and office expenses	115 36
Total disbursements for 1910	\$9,238 24

Balance on hand December 31, 1910:

In Astor Trust Company	\$160 88	
In Second National Bank	185 04	
		\$345 92
		\$9,584 16

E. and O. E., December 31, 1910.

G. HERMANN KINNICUTT, *Treasurer.*

I hereby certify that I have examined the above account and compared it with the books, and have found same correct.

FREDERICK C. MANVEL,
Certified Public Accountant of the State of New York.

DIRECTORY OF CONSUMERS' LEAGUES

THE CONSUMERS' LEAGUE OF CALIFORNIA.

BAY CITIES LEAGUE.

Officers.

MR. FRED. G. ATHEARN, President, 2805 Regent Street, Berkeley.
MR. HARRIS WEINSTOCK, Vice-President, Hotel Richelleu, San Francisco.
MISS JULIA TOLMAN LEE, Secretary, 2538 Benvenue Avenue, Berkeley.
MISS GRACE RUTH SOUTHWICK, Treasurer, 2538 Channing Way, Berkeley.

Board of Directors.

Rev. Bradford Leavitt, 2511 Octavia Street, San Francisco.	Mr. Walter MacArthur, 44-46 East St., San Francisco.
Dr. Jessica Peixotto, Cloyne Court, Berkeley.	Mrs. Louis Hertz, 2647 Pierce St., San Francisco.
Rev. E. L. Parsons, 2532 Durant Ave., Berkeley.	Miss Anita Whitney, 1365 Webster St., Oakland.
Mr. H. C. Capwell, Twelfth and Washington Sts., Oakland.	Mr. J. C. Astredo, 1217 Sacramento St., San Francisco.
Prof. W. C. Mitchell, 2250 Prospect St., Berkeley.	Miss Genevieve Cooke, 1143 Leavenworth St., San Francisco.
Mr. R. B. Hale, Sixth and Market Sts., San Francisco.	Miss Josephine Beedy, Sausalito.
Mr. Warren Gregory, Merchants' Exchange Building, San Francisco.	Mr. R. T. Devlin, Seventh and Mission Sts., San Francisco.

THE CONSUMERS' LEAGUE OF CONNECTICUT.

STATE LEAGUE.

Officers.

REV. JAMES GOODWIN, President, 76 Garden Street, Hartford.
PROF. HENRY W. FARNAM, First Vice-President, New Haven.
PRESIDENT ARTHUR T. HADLEY, Second Vice-President, New Haven.
REV. THORNTON F. TURNER, Recording Secretary, Hartford.
MR. H. L. BEADLE, Treasurer, 31 Pratt Street, Hartford.
MR. G. H. STOUGHTON, Auditor, Hartford.
MISS MARY C. WELLES, Ph.D., General Secretary, Newington.

Directors at Large.

Mrs. James S. Bolton, New Haven.	Dr. Rockwell Harmon Potter, Hartford.
Prof. Willard C. Fisher, Middletown.	Mr. Charles F. Smith, New Britain.
Pres. Flavel S. Luther, Hartford.	Col. C. L. Upham, Meriden.

Local Directors.

Mrs. Buell Bassette, New Britain.	Mrs. A. A. Crane, Waterbury.
Mrs. Frances E. Brinley, Newington.	Mrs. A. K. Dixon, Wallingford.
Mrs. William J. Clark, Ansonia.	Mrs. A. C. S. Fenner, New London.
Miss M. Isabel Corning, East Hartford.	Mrs. F. A. Grant, Rocky Hill.

Mrs. W. W. Farnam, New Haven.
 Mrs. W. B. Glover, Fairfield.
 Rev. John C. Goddard, Salisbury.
 Miss M. A. Goodman, Hartford.
 Miss M. Bessie Hine, New Milford.
 Mrs. E. H. Hooker, Greenwich.
 Dr. S. Mary Ives, Middletown.
 Miss Helen Marshall, Norwich.
 Mrs. C. L. Merrell, Rockville.

Mrs. H. T. Moss, Cheshire.
 Mrs. M. S. Neal, Collinsville.
 Mrs. C. E. H. Phillips, Glenbrook.
 Mrs. D. W. Plumb, Shelton.
 Mrs. Philip C. Rand, Meriden.
 Mrs. J. L. Sheffield, So. Glastonbury.
 Mrs. Hamilton Wallis, Colchester.
 Miss H. L. Wolcott, Wethersfield.

BRIDGEPORT.

Officers.

REV. E. J. CRAFT, President, 130 Lenox Avenue.
 MRS. W. R. HOPSON, Vice-President, 224 Washington Ave.
 MRS. G. A. JAMIESON, Secretary and Treasurer, 816 North Avenue.
 MRS. EARLE BUCKINGHAM, Librarian.

COLCHESTER.

Officers.

MRS. HAMILTON WALLIS, President.
 MRS. ARTHUR L. STEBBINS, Secretary and Treasurer.

FAIRFIELD.

Officers.

MRS. W. B. GLOVER, President.
 MISS A. B. JENNINGS, First Vice-President.
 MRS. S. H. WHEELER, Second Vice-President.
 MISS BESSIE BETTS, Secretary.
 MR. JOHN E. DEYO, Treasurer.

HARTFORD.

Officers.

REV. R. H. POTTER, President, 142 Washington Street.
 REV. ERNEST deF. MIEL, First Vice-President, 120 Sigourney Street.
 DR. FREDERICK T. SIMPSON, Second Vice-President, 122 High Street.
 MRS. WALDO S. PRATT, Secretary, 86 Gillett Street.
 MISS M. A. GOODMAN, Treasurer, 834 Asylum Avenue.

Executive Committee.

Rev. John Coleman Adams, 83 Sigourney St.	Mr. John M. Holcombe, 49 Pearl St.
Mrs. F. A. Brackett, 19 Clark St.	Mrs. E. V. Mitchell, 14 Charter Oak Place.
Mrs. Sidney W. Clark, 40 Willard St.	Rev. Thornton F. Turner, 288 Windsor Ave.
Miss Florence M. Crofut, 25 N. Beacon St.	Dr. G. C. F. Williams, 990 Prospect Ave.
Mrs. Solon P. Davis, 86 Edwards St.	Mrs. S. H. Williams, Glastonbury.
Dr. David I. Green, 31 Farmington St.	

NEW HAVEN.

Officers.

MRS. ISHAM, HENDERSON, President, 400 Prospect Street.
 MRS. WILLIAM W. FARNAM, Vice-President.
 MRS. WILLIAM A. GRANVILLE, Vice-President.
 MRS. LEO HERZ, Vice-President.
 MRS. ALFRED N. WHEELER, Treasurer.
 MISS MITCHELL, Secretary.

STAMFORD.

Officers.

MRS. CHARLES E. H. PHILLIPS, Acting Secretary, Glenbrook.

THE CONSUMERS' LEAGUE OF DELAWARE.

STATE LEAGUE—WILMINGTON.

Officers.

MISS MARGARET H. SHEARMAN, President, 1600 West Seventh Street.
 MISS EMILY P. BISSELL, First Vice-President, 1404 Franklin Street.
 MRS. CHARLES I. KENT, Second Vice-President, 917 Washington Street.
 MRS. DANIEL M. BATES, Third Vice-President, Greenhill Avenue.
 MISS ANNA SELLERS, Recording Secretary, "Clifton," Edgemoor.
 MISS ANNA W. BIRD, Acting Corresponding Secretary, 905 Delaware Avenue.
 MRS. THOMAS B. YOUNG, Treasurer, Gilpin and Bayard Avenues.

Chairmen of Standing Committees.

MRS. HENRY S. STUBBS, Finance.
 MRS. HORACE THAYER, 1208 Rodney Street, Publication.
 MRS. CHARLES WARNER, Parkway, Investigation.
 MISS ANNA WOODS BIRD, 905 Delaware Avenue, Legislation.
 MISS GRACE BEADENKOPF, 808 Franklin Street, Meetings and Lectures.
 MRS. CALEB E. BURCHENAL, 1511 Delaware Avenue, Label.
 MRS. WILLIAM E. HAWKINS, 910 Delaware Avenue, Scholarship.
 MRS. REUBEN SATTERTHWAITE, Jr., 2106 Bayard Avenue, Vacant Lot Cultivation.
 MRS. OSCAR R. JACKSON, 1301 Market Street, Pure Food.

Special Committee.

MISS MARY MALONE, 507 Washington Street, Minimum Wage.

DISTRICT OF COLUMBIA.

MISS MADEIRA'S SCHOOL LEAGUE—WASHINGTON.

Officers.

MISS CORDELIA S. MORCK, President, 1330 Nineteenth Street, N. W.
 MISS JOSEPHINE R. GLASCOCK, Secretary-Treasurer.

THE CONSUMERS' LEAGUE OF ILLINOIS.

STATE LEAGUE—CHICAGO.

Officers.

MRS. MARY H. WILMARTH, President, Auditorium Annex.
 MISS EDITH WYATT, Vice-President.
 MRS. HARRIET M. VAN DER VAART, Secretary, 51 La Salle Street.
 MISS ANNA E. NICHOLS, Treasurer, Neighborhood House, 6710 May Street.

Members of the Board.

Mrs. I. S. Blackwelder.	Miss S. P. Breckenridge.
Mrs. Ellen M. Henrotin.	Mrs. Franck Churchill.
Mrs. C. C. Arnold.	Mrs. S. Dauchy.
Miss Jane Addams.	Mrs. James W. Thompson.
Miss Mary Rozet Smith.	Miss Grace Abbott.
Mrs. Harold McCormick.	Miss Catherine Calvin.
Miss Elizabeth Head.	

THE CONSUMERS' LEAGUE OF INDIANA.

STATE LEAGUE—INDIANAPOLIS.

Officers.

MISS ANNA M. LOCKE, President, 1917 N. Illinois Street.
MISS LAUREL C. THAYER, Corresponding Secretary, 511 East 24th Street.
MISS SARAH LAUTER, Recording Secretary, 608 East 13th Street.
MISS RACHEL A. BAKER, Treasurer, 1209 Central Avenue.

Board of Directors.

MRS. V. H. LOCKWOOD, 1909 North Pennsylvania Street.
MRS. LEON STERN, 527 East 11th Street.
MISS JOSEPHINE ROBINSON, 122 East Michigan Street.
REV. F. D. ADAMS, 750 Udell Street.
REV. F. S. C. WICKS, 2041 Talbott Avenue.
REV. F. W. SUMNER, 3105 East Washington Street.
PROF. W. B. DAVIDSON, 728 North East Street.

THE CONSUMERS' LEAGUE OF KENTUCKY.

STATE LEAGUE—LOUISVILLE.

Officers.

MRS. R. P. HALLECK, President, 1154 Third Street.
MRS. CHARLES E. WOODCOCK, Vice-President.
MRS. J. B. JUDAH, Vice-President.
DR. JULIA A. INGRAM, Vice-President.
MRS. JOHN LITTLE, Vice-President.
MRS. CLAUDE BARNES, Vice-President.
MRS. LEONARD HEWETT, Vice-President.
MISS FRANCES INGRAM, Vice-President.
MISS MABEL STROTHER, Recording Secretary.
MISS LILLA N. BREED, Corresponding Secretary, 932 Fourth Avenue.
MRS. SAMUEL DOOR, Treasurer, 1213 Second Street.

Chairmen of Committees.

MRS. ROBERT T. HORNER, Membership.
MISS FRANCES INGRAM, White List.
MISS ADELE BRANDEIS, Label
MISS STELLA LOWENSTEIN, Pure Food.

Advisory Board.

Miss Rebecca Averil, Frankfort. Mrs. A. M. Harrison, Lexington.
Mrs. T. H. Shepherd, Covington. Mrs. Letcher Riker, Harrodsburg.

THE CONSUMERS' LEAGUE OF MAINE.

STATE LEAGUE—GARDINER.

Officers.

MRS. LAURA E. RICHARDS, President, 3 Dennis Street.
 MRS. R. H. GARDINER, Vice-President.
 MRS. CAROLINE S. DANFORTH, Secretary, 29 Pleasant Street.
 MRS. MARY MORRELL, Treasurer, 11 Danforth Street.

Directors.

Miss Cooper.	Mrs. C. O. Turner.
Mrs. Longfellow.	Mrs. Webster.
Mrs. Bowie.	

THE CONSUMERS' LEAGUE OF MARYLAND.

STATE LEAGUE—BALTIMORE.

Officers.

MISS MARGARET HAMILTON, President, 1312 Park Avenue.
 DR. GEORGE E. BARNETT, First Vice-President, 227 W. Monument Street.
 MRS. BENJAMIN W. CORKRAN, Second Vice-President, 200 Goodwood Gardens,
 Roland Park, Md.
 MR. JOHN PHILIP HILL, Treasurer, 712 Keyser Building.
 MISS ELIZABETH M. CARROLL, Corresponding Secretary, 212 E. Eager Street.
 DR. WILLIAM KELLICOTT, Recording Secretary, Goucher College.
 MISS GRACE BRANHAM, Executive Secretary, 15 East Pleasant Street.

Executive Committee.

Dr. Thomas H. Buckler.	Mrs. Eugene Noble.
Mrs. Janon Fisher.	Miss L. V. North.
Dr. Jacob Hollander.	Mrs. H. R. Stevenson.
Dr. A. O. Lovejoy.	Mrs. A. Morris Tyson.
	Mrs. S. Whitehall.

THE CONSUMERS' LEAGUE OF MASSACHUSETTS.

STATE LEAGUE—BOSTON.

Officers.

MRS. THOMAS SHERWIN, President, Revere Street, Jamaica Plain.
 MRS. FRANK W. HALLOWELL, First Vice-President, Suffolk Road, Chestnut Hill.
 MISS ELIZABETH S. SERGEANT, Second Vice-President, 4 Hawthorn Road,
 Brookline.
 MR. ROBERT H. GARDINER, JR., Treasurer, 4 Joy Street.
 MISS MARY C. WIGGIN, Corresponding Secretary, 4 Joy Street.
 MISS ELEANOR S. UPTON, Assistant Secretary, 4 Joy Street.
 MISS EMILY L. BLODGETT, Recording Secretary, South Lincoln.
 HOWARD W. BROWN, ESQ., Legal Counsel.

Executive Committee.

Mr. Charles F. Bradley, 90 Mt. Vernon St.	Miss Elizabeth Piper, 179 Brattle St., Cambridge.
Miss Mary W. Calkins, 22 Bellevue St., Newton.	Mrs. William Roscoe Thayer, 8 Berkeley St., Cambridge.
Miss Helena S. Dudley, 93 Tyler St.	Mrs. John T. Tabor, 21 Summer St., Watertown.
Miss Susan M. Hallowell, West Medford.	Miss Edith Tufts, Wellesley College, Wellesley.
Miss Elizabeth H. Houghton, 58 Garden St., Cambridge.	
Miss Edith M. Howes, 57 Pleasant St., Brookline.	

AUXILIARIES.

Auburndale Review Club.

MISS LOUISE PELOUBET, Chairman.

Newton Social Science Club.

MRS. VERNON B. SWETT, Chairman, 180 Franklin Street.

Newton Highlands Monday Club.

MISS MARY P. McCALLUM, Chairman.

ABBOTT ACADEMY LEAGUE—ANDOVER.

Officers.

MISS MARGARET C. WILKINS, Chairman.

LASELL SEMINARY LEAGUE—AUBURNDALE.

Officers.

MISS MARY S. LUMBARD, President, Oak Park, Chicago, Ill.

MISS MARY GALLAGHER, Vice-President, Los Angeles, Cal.

MISS OLIVE F. BATES, Secretary and Treasurer.

MACDUFFIE SCHOOL LEAGUE—SPRINGFIELD.

Officers.

MISS MARGARET HAIGHT, President.

WALNUT HILL SCHOOL LEAGUE—NATICK.

Officers.

MISS ANNIE KEITH, Chairman.

MT. HOLYOKE COLLEGE LEAGUE—SOUTH HADLEY.

Officers.

MISS JEAN C. KEIR, President.

MISS MARY HULL, Vice-President.

MISS ENID ALLEN, Secretary and Treasurer.

RADCLIFFE COLLEGE LEAGUE—CAMBRIDGE.

Officers.

MISS LOUISE BURLEIGH, President.

MISS ALICE KELSEY, Vice-President.

MISS GERTRUDE NICHOLS, Secretary and Treasurer.

SMITH COLLEGE LEAGUE—NORTHAMPTON.

Officers.

MISS JOSEPHINE THOMAS, President.

MISS ELSIE FREDERIKSEN, Vice-President.

MISS DOROTHY OLCOTT, Treasurer.

WELLESLEY COLLEGE LEAGUE.

Officers.

MISS MARION D. JEWETT, President.

MISS ELINOR FARRINGTON, Secretary and Treasurer.

MISS HELEN PAUL, Corresponding Secretary.

Executive Committee.

Miss Edith S. Tufts, Faculty. Miss Helen Slagle, 1911.
 Miss Louise C. Whitaker, 1910. Miss Helen Reynolds, 1912.
 Miss Mary W. Humphrey, 1913.

THE CONSUMERS' LEAGUE OF MISSOURI.

STATE LEAGUE—ST. LOUIS.

Officers.

MRS. JOHN T. DAVIS, President, 47 Portland Place.
 MRS. W. R. CHIVVIS, Vice-President.
 MRS. JOHN W. DAY, Vice-President.
 MRS. HARRY JANUARY, Vice-President.
 MRS. PHILIP N. MOORE, Vice-President.
 MISS L. S. KENNETT, Recording Secretary, 5099 Waterman Avenue.
 MISS EUGENIE LODWICK, Corresponding Secretary, Ferguson, St. Louis County.
 MISS MARGARET DYER, Treasurer, 4965 McPherson Avenue.

Board of Governors.

Mrs. Gouverneur Calhoun.	Miss May Reber.
Mrs. John T. Davis.	Mrs. R. W. Shapleigh.
Mrs. E. R. Kroeger.	Mrs. W. F. Stuyvesant.
Mrs. Hugh McKittrick.	Miss Virginia Stevenson.
Mrs. W. J. McKittrick.	Mrs. H. H. Tittmann.
Mrs. Harvey Mudd.	Miss Myra Tutt.
Mrs. Andrew Murphy.	Mrs. Holliday Wear.

THE CONSUMERS' LEAGUE OF NEW JERSEY.

STATE LEAGUE.

Officers.

MRS. G. W. B. CUSHING, President, 50 Munn Avenue, East Orange.
 MISS CORNELIA F. BRADFORD, Vice-President, Whittier House, 174 Grand Street, Jersey City.
 MRS. CHARLES L. THOMPSON, Vice-President, 126 N. Arlington Avenue, East Orange.
 MRS. S. BAYARD DODD, Vice-President, 170 Scotland Road, South Orange.
 MRS. BRICE COLLARD, Treasurer, 29 Montecello Avenue, Jersey City.
 MRS. AUGUSTUS CREVELING, Recording Secretary, 31 Glenwood Avenue, Jersey City.
 MRS. GEORGE H. PERRY, Corresponding Secretary, Overlook Avenue, Hackensack.
 MISS A. D. JAYNES, Executive Secretary, 40 Arlington Avenue, East Orange.

Executive Committee.

Miss Mary L. Anderson, Lambertville.	Mrs. Anne P. Fliteroft, Woodstown.
Miss Adelaide Ball, Plainfield.	Miss Cornelia V. E. Halsey, Morristown.
Mrs. F. B. Carter, Montclair.	Mrs. Stewart Hartshorn, Short Hills.
Mrs. A. A. Chambers, Newark.	Miss Antoinette Hayes, Madison.
Mrs. Everett Colby, West Orange.	Mrs. F. R. Kellogg, Morristown.
Mrs. Thomas Craven, Salem.	Mrs. Clarence H. Kelsey, E. Orange.
Miss Mary Dimick, Elizabeth.	Mrs. M. B. Kinsley, Hoboken.
Mrs. S. Bayard Dodd, South Orange.	Miss Alice Lakey, Cranford.
Miss Katherine Fairbairn, Summit.	Miss Helen Lippincott, Riverton.
Mrs. John Moment, Jersey City.	Miss Mary L. Morse, Newark.
Miss Mary Moore, Trenton.	Mrs. Benjamin Nicoll, Morristown.
Miss Marlon E. Moreau, Freehold.	Mrs. Anna Reed, Somerville.

Mrs. Waldo Reed, Englewood.
Mrs. Hugh B. Reed, Jr., Newark.
Mrs. C. L. Riley, Plainfield.
Mrs. J. H. Sinex, Edgewater Park.

Mrs. C. L. Thompson, E. Orange.
Mrs. I. Henry Welling, Trenton.
Mrs. Herbert Wilcox, Newark.
Miss Rosalie Wingfield, Glen Ridge.

MISS DANA'S SCHOOL LEAGUE—MORRISTOWN.

Officers.

MISS DOROTHY FANCHER, President and Secretary.

DWIGHT SCHOOL LEAGUE—ENGLEWOOD.

Officers.

MISS MARGARET L. LOVELL, President, Scranton, Pa.
MISS MARGARET PAINE, Vice-President.
MISS GERTRUDE HOPKINS, Secretary, Fort Sill, Oklahoma.
MISS MARGUERITA STOKES, Treasurer, Bridgeport, Barbadoes.

THE CONSUMERS' LEAGUE OF NEW YORK.

STATE LEAGUE.

Officers.

MRS. ROBERT McVICKAR, President, 269 North Fulton Avenue, Mt. Vernon.
MRS. HERBERT L. BAKER, First Vice-President, 224 Rich Avenue, Mt. Vernon.
MRS. ELMER BLAIR, Second Vice-President, 445 Western Avenue, Albany.
MISS EDITH KENDALL, Third Vice-President, 14 Central Park West, New York City.
MRS. JAMES A. GARDNER, Fourth Vice-President, Buffalo.
MRS. WALTER BURLINGAME, Fifth Vice-President, Sedgewick Farm, Syracuse.
MRS. ARTHUR BEARDSLEY, Sixth Vice-President, Greenleaf Farm, Roxbury, Conn.
DR. MARY T. BISSELL, Executive Secretary, 37 East 28th Street, New York City.
MISS D. M. ELLIOTT, Recording Secretary, 525 Park Avenue, New York City.
MRS. S. D. PATTERSON, Treasurer, 119 Rich Avenue, Mt. Vernon.

Advisory Board.

Mr. Frank E. Wade, Chairman, Buffalo.
Rev. James T. Bixby, Ph.D., Yonkers.
Mr. William C. Breed, New York City.
Hon. F. E. Dawley, Director, Farmers' Institute, Fayetteville.
Rev. W. M. Gilbert, St. Paul's Church, Yonkers.
Mr. Russell Headley, Attorney, Excise Department, Albany.
Mr. Herbert E. Mills, Vassar College, Poughkeepsie.
Prof. J. W. Jenks, Cornell University, Ithaca.
Rt. Rev. Richard H. Nelson, Bishop Coadjutor, Albany.
Dr. Eugene H. Porter, Commissioner of Health, Albany.
Dr. O. H. Rogers, Yonkers.
President Langdon Stewardson, Hobart College, Geneva.

ALBANY.

Officers.

MRS. GEORGE DOUGLES MILLER, President, 125 State Street.
MISS C. R. SEABURY, First Vice-President, St. Agnes School.
MRS. ELMER BLAIR, Second Vice-President, 445 Western Street.
MRS. WALTER L. PALMER, Third Vice-President, 5 La Fayette Street.
MISS KATE CHILDS, Secretary, St. Agnes School.
MISS JESSIE LAMPORT, Treasurer, St. Agnes School.

BINGHAMTON.

Officers.

MISS JANE HYDE, President, Court Street.

MISS FORD, Secretary.

MISS NICHOLS, Treasurer.

BUFFALO.

Officers.

MRS. JAMES A. GARDNER, President, 403 Franklin Street.

MRS. ROLAND MEISENBACH, First Vice-President, 39 Saybrook Place.

MRS. DEXTER P. RUMSEY, Second Vice-President, 742 Delaware Avenue.

MRS. IRVING P. LYON, Recording Secretary, 531 Franklin Street.

MRS. CARLTON R. JEWETT, Treasurer, 1299 Main Street.

MRS. THOMAS K. MANN, Corresponding Secretary, 156 Bryant Street.

MISS MARGARET LEIST, Executive Secretary, 85 Whitney Place.

Chairmen of Committees.

MR. FRANK E. WADE, 1106 D. S. Morgan Building, Legislation.

MRS. AUSBURN D. DWELLE, 161 St. James Place, Publicity.

MISS SARAH L. TRUSCOTT, 335 Delaware Avenue, Membership.

MRS. ROLAND MEISENBACH, 39 Saybrook Place, Christmas Shopping.

MISS MARY CHURCHYARD, 169 Mariner Street, White List.

KINGSTON.

Officers.

MRS. THOMAS J. HICKEY, President, 446 Broadway.

MRS. W. F. HOEHN, Vice-President.

MRS. ROBERT RODIE, Treasurer and Secretary.

MT. VERNON.

Officers.

MRS. HERBERT L. BAKER, President, 224 Rich Avenue.

MRS. H. P. WILLCOX, First Vice-President, 20 North Ninth Avenue.

MRS. ELIZABETH CRAIGIE, Second Vice-President, 208 Rich Avenue.

MRS. GEORGE W. DIBBLE, Third Vice-President, 275 North Fulton Avenue.

MRS. SAMUEL D. PATTERSON, Fourth Vice-President, 119 Rich Avenue.

MISS CHARLOTTE LISMAN, Fifth Vice-President, 165 Park Avenue.

MISS MYRA BLAKE, Recording Secretary, 149 South Second Avenue.

MRS. A. W. BERTINES, Corresponding Secretary, 63 Fletcher Avenue.

MRS. W. H. PURDY, Treasurer, 51 North Tenth Avenue.

NEW YORK.

Officers.

MRS. FREDERICK NATHAN, President, 162 West Eighty-sixth Street.

MISS HELEN PHELPS STOKES, First Vice-President, 230 Madison Avenue.

MISS AMEY ALDRICH, Second Vice-President, 142 East Thirty-third Street.

MRS. G. K. B. WADE, Treasurer, 155 East Seventy-second Street.

MRS. PERCY JACKSON, Recording Secretary, 63 East Fifty-second Street.

MRS. FRANK I. COBB, Corresponding Secretary, 322 West Eighty-second Street.

MISS FRANCES PERKINS, Executive Secretary, 105 East Twinty-second Street.

Governing Board.

Miss Mary L. Aldrich, 131 E. 66th St.	Miss Edith Kendall, 14 Central Park West.
Miss Harriet Alexander, 4 W. 58th St.	Miss Alice Lakey, Cranford, N. J.
Miss Beatrice Bend, 563 Park Ave.	Miss May Mathews, 413 W. 46th St.
Mrs. Arthur Campbell Blagden, 176 E. 70th St.	Mrs. Robert McVickar, 269 N. Fulton Ave., Mt. Vernon.
Miss Clemence L. Boardman, 72 W. 45th St.	Miss Maude E. Miner, 165 W. 10th St.
Mrs. E. W. Bemis, 106 Hamilton Ave., New Brighton, S. I.	Mrs. Gilbert H. Montague, 109 E. 19th St.
Miss Anna Bogert, 112 E. 39th St.	Miss Anita Neilson, 125 E. 57th St.
Mrs. C. Loring Brace, 535 Park Ave.	Mrs. Benjamin Nicoll, 18 E. 50th St.
Miss Elizabeth Butler, 105 W. 40th St.	Mrs. Adolphe Openhym, 352 Riverside Drive.
Mrs. William L. Colt, 11 Maple St., Bronxville, N. Y.	Mrs. C. E. H. Phillips, Glenbrook, Conn.
Mrs. James G. Crowell, 120 E. 34th St.	Miss Mary R. Sanford, 152 E. 35th St.
Mrs. Hugh Munroe Dewees, 29 E. 29th St.	Mrs. William G. Shailer, 252 W. 78th St.
Miss Martha Draper, 18 W. 8th St.	Mrs. Herbert B. Shonk, Scarsdale, N. Y.
Miss Margaret Dudley, 413 W. 46th St.	Mrs. Vladimir Simkhovitch, 26 Jones St.
Miss Margaret Franklin, 527 W. 110th St.	Miss Alice Smith, 26 Jones St.
Miss Pauline Goldmark, 270 W. 94th St.	Mrs. Albert Strauss, 317 W. 90th St.
Miss Bell Gurnee, 38 E. 39th St.	Miss Mary Van Kleeck, 154 E. 91st St.
Mrs. Charles Israels, 121 Edgecliff Terrace, Yonkers, N. Y.	Mrs. Rudolph Weld, 110 E. 40th St.
Mrs. Landreth H. King, 314 W. 90th St.	Miss Dorothy Whitney, 563 Park Ave.
Mrs. Morris Kellogg, 94 Park Ave.	Miss Elizabeth Williams, 95 Rivington St.
	Mrs. Stephen S. Wise, 23 W. 90th St.

THE BROOKLYN AUXILIARY OF THE CITY OF NEW YORK.

Officers.

MRS. STEPHEN LOINES, Chairman.
 MRS. OTTO HEINIGKE, Vice-Chairman.
 MRS. WILLIAM B. DUDLEY, Delegate-at-Large.
 MRS. CLARK BURNHAM, Recording Secretary.
 MISS ROBERT L. DICKINSON, Corresponding Secretary.
 MISS ELMA LOINES, Treasurer.
 MRS. DUDLEY D. ROBERTS, Auditor.

Chairmen of Committees.

MRS. C. JACOBSON, Child Labor.
 MISS MARGARET CONGER, Legislation.
 MRS. L. W. BETTS, Working Conditions and Labor.
 MISS MABEL STONE, Meetings and Speakers.
 MRS. E. W. ORDWAY, Press and Printing.

SCHENECTADY.

Officers.

MRS. W. A. GARRISON, Vice-President, Union College.
 MISS ALICE WELLS, Secretary, Union College.
 MRS. WM. DALTON, Treasurer, 41 Wendell Avenue.

SYRACUSE.

Officers.

MRS. HORACE A. EATON, President, 609 Comstock Avenue.
 MISS HARRIET GOODYEAR, Vice-President, 509 James Street.
 MISS DOROTHY HAZARD, Secretary, Orchard Road.
 MRS. CHARLES H. CARTER, Treasurer, 214 Comstock Avenue.

UTICA.

Officers.

MRS. LOUIS H. HOLDEN, President, 446 Genesee Street.
 MRS. FREDERICK S. KELLOGG, Vice-President, New York Mills, N. Y.
 MISS JANET PRICE, Treasurer, 293 Genesee Street.
 MRS. J. DE PEYSTER LYNCH, Recording Secretary, 10 Hobart Street.
 MISS EVELYN BUCK, Corresponding Secretary, 7 Kemble Street.

YONKERS.

Officers.

MRS. ARTHUR L. LIVERMORE, Vice-President, 144 Park Avenue.
 MRS. LOUIS TURK, Secretary, 718 North Broadway.
 MRS. CHARLES PHILIP EASTON, Treasurer.

MRS. DOW'S SCHOOL—BRIARCLIFF MANOR.

Officers.

MISS D. STIMSON, President.
 MISS R. DUNNING Vice-President.
 MISS D. BRUFF, Secretary.
 MISS B. COOK, Treasurer.

LADY JANE GREY SCHOOL LEAGUE—BINGHAMTON.

Officers.

MISS ELIZABETH BEACH, President.
 MISS MAUD HAUP, Secretary.
 MISS FLORENCE BROOKS, Treasurer.

PACKER COLLEGIATE INSTITUTE—BROOKLYN.

Officers.

MISS ELSIE STUTZER, President.
 MISS LOIS BURNHAM, Treasurer.

PRATT INSTITUTE LEAGUE—BROOKLYN.

Executive Committee.

MISS CONSTANCE M. ROWE, Chairman, 82 Hancock Street, Brooklyn.	
Miss Mary Burghardt.	Miss Ruth Wilmot.
Mrs. Davis.	Miss Emma Robins.
Miss Mary Garvin.	Miss Mabel Spense.
Miss Barbara Nutt.	Miss Thompson.

VASSAR COLLEGE LEAGUE—POUGHKEEPSIE.

Officers.

MISS HELEN PAINE, President.
MISS ELIZABETH KITREDGE, Secretary.
MISS RUTH THEIS, Treasurer.

THE CONSUMERS' LEAGUE OF OHIO.

STATE LEAGUE—CLEVELAND.

Officers.

MISS MYRTA L. JONES, President, 3942 Prospect Avenue.
MISS MARY E. PARSONS, First Vice-President, Alta House, Mayfield Road
MRS. F. H. GOFF, Second Vice-President, Lake Shore Boulevard.
MRS. JOHN H. LOTZ, Recording Secretary, Alta House, Mayfield Road.
MISS EFFIE SERENA WAGAR, Corresponding Secretary, 14719 Detroit Avenue
Lakewood, Ohio.
MISS BERTHA M. STEVENS, Executive Secretary, Goodrich House, 612 St. Clair
Avenue.
MISS ELEANOR FERRIS, Treasurer, 10924 Magnolia Drive.

Executive Committee.

Mrs. Elroy M. Avery, 2831 Woodhill Road.	Miss Marcia Henry, 5419 Prospect Ave
Mrs. Newton D. Baker, 1851 Crawford Road.	Miss Adele McKinnie, 2049 E. 71st St.
Mrs. E. S. Bassett, 2612 Prospect Ave.	Miss Margaret Nash, 2330 Euclid Ave.
Mrs. A. T. Brewer, 5704 Hawthorne Ave.	Miss Belle Sherwin, 6529 Euclid Ave.
Mrs. L. H. Britton, 11606 Clifton Blvd.	Mrs. Minot O. Simons, 1867 Crawford Road.
Mrs. A. N. Dawson, 1459 Mars Ave., Lakewood, O.	Mrs. Paul Sutphen, 3013 Prospect Ave
Mrs. Robert Deming, 7605 Hough Ave.	Mrs. Charles F. Thwing, 11109 Bellflower Ave.
Miss Grace Drake, 3754 Woodland Ave.	Mrs. Raymond L. Tweedy, 11706 Kelton Ave.
Mrs. Howard P. Eells, 3029 Prospect Ave.	Miss Pauline Weltz, 11319 Hessler Road
Mrs. D. F. Emerson, 98 Wadena Ave.	Mrs. Leopold J. Wolf, 11201 Bellflower Ave.

CINCINNATI.

Officers.

MISS M. LOUISE SPRIGG, President, 3027 Reading Road, Cincinnati.

Board of Directors.

Prof. R. C. Brooks.	Miss Emilie W. McVea.
Miss Edith Campbell.	Mr. F. Minor.
Mr. E. N. Clopper.	Rev. F. H. Nelson.
Mrs. Arthur Cobb.	Mrs. E. Pendleton.
Rev. H. B. Edwards.	Canon Charles Reade.
Mrs. Litta Fessel.	Miss J. Simrall.
Miss Fanny Field.	Mr. S. Smith.
Mrs. J. H. Hall.	Mrs. A. Gilchrist Strong.
Mr. E. L. Hitchens.	Rev. George Thayer.
Prof. F. C. Hicks.	Rev. S. Tyler.
Mrs. B. Loewenstein.	Dr. R. Watson.
Miss M. Louise Armstrong.	Miss Mary Willson.

THE CONSUMERS' LEAGUE OF OREGON.

STATE LEAGUE—PORTLAND.

Officers.

MRS. HENRY RUSSELL TALBOT, President, 140 East Twelfth Street.
 MRS. MILLIE R. TRUMBULL, First Vice-President, 305 Jefferson Street.
 MISS M. R. BURKE, Second Vice-President, 651 Hoyt Street.
 MRS. E. B. COLWELL, Third Vice-President, 975 Corbett Street.
 MISS K. L. TREVETT, Corresponding Secretary, 777 Flanders Street.
 MISS FREDRIKA VAN BENSCHOTEN, Treasurer, 812 Marshall Street.
 MRS. WILLIAM P. GANNETT, Recording Secretary, Chetopa Apartments.

Directors.

Mrs. W. B. Ayer, 19th and Johnson Sts.	Mrs. A. E. Rockey, 778 Flanders St.
Mrs. Frank Jerome Durham, 231 Lumber Exchange Building.	Mrs. Gordon Voorhies, 622 Kearney St.
Mrs. Jessie D. Honeyman, Oswego, Ore., R. F. D. 1.	Mrs. Clara Waldo, Alexandra Court.
	Mrs. William H. Warrens, 50 N. 20th St.

THE CONSUMERS' LEAGUE OF PENNSYLVANIA.

STATE LEAGUE.

Officers.

MRS. SAMUEL S. FELS, President, Thirty-ninth and Walnut Streets, Philadelphia.
 MRS. WILLIAM J. ASKIN, First Vice-President, 5412 Howe Street, Pittsburgh.
 MRS. S. BURNS WESTON, Second Vice-President, Merion Station, Pa.
 MR. GEORGE BURNHAM, JR., Treasurer, 1218 Chestnut Street, Philadelphia.
 MISS ANNA C. WATMOUGH, Recording Secretary, Chestnut Hill, Philadelphia.
 MRS. JOHN H. BRICKER, Corresponding Secretary.

Council.

Mrs. R. R. P. Bradford, 146 W. Lehigh Ave., Philadelphia.	Mrs. J. Nicholas Mitchell, 1505 Spruce St., Philadelphia.
Miss Margaret Denniston, Philadelphia.	Miss Laura N. Platt, 237 S. 18th St., Philadelphia.
Mrs. Martha P. Falconer, Philadelphia.	Miss Florence L. Sanville, 329 Witherspoon Building, Philadelphia.
Mrs. William S. Grant, Jr., 2202 St. James Place, Philadelphia.	Mrs. Ellis Thompson, The Covington, Philadelphia.
Miss Fanny T. Cochran, 131 S. 22nd St., Philadelphia.	Mrs. S. Burns Weston, Merion Station, Pa.
Mrs. Charles C. Huff, Philadelphia.	

MEADVILLE.

Officers.

MISS MARY A. FLOWER, President.
 MRS. F. C. SOUTHWORTH, Vice-President.
 MRS. MANLEY O. BROWN, Treasurer.
 MRS. J. W. SMITH, Secretary, North Main Street.

PHILADELPHIA.

Officers.

MRS. WILLIAM S. GRANT, JR., President, 2202 St. James Place.
 MRS. MARTHA P. FALCONER, Vice-President, Darlington, Pa.
 MRS. SAMUEL S. FELS, Vice-President, Thirty-ninth and Walnut Streets.
 MRS. J. NICHOLAS MITCHELL, Vice-President, 1505 Spruce Street.

MISS LAURÁ N. PLATT, Vice-President, 1831 Pine Street.
 MISS ANNA C. WATMOUGH, Vice-President, Chestnut Hill.
 MISS FANNY TRAVIS COCHRAN, Recording Secretary, 131 South Twenty-second Street.
 MRS. S. BURNS WESTON, Treasurer, Merion Station, Pa.
 MISS FLORENCE L. SANVILLE, Executive Secretary, 329 Witherspoon Building

Board of Directors.

Miss M. Elizabeth Bates, Swarthmore College.	Miss Vida Hunt Francis.
Mrs. R. R. P. Bradford, 146 W. Lehigh Ave.	Miss Mildred Lane.
Mrs. Walter Cope.	Mrs. Rollin Norris.
Miss Anna F. Davies, 433 Christian St.	Miss Marion Parris, Bryn Mawr College.
Miss Margaret Denniston.	Miss Grace Smucker, Overbrook, Pa.
Mrs. H. H. Donaldson.	Mrs. S. H. Sterett.
Miss Harriet Dulles.	Mrs. T. Gurney Taylor, 6041 Drexel Road.
Mrs. Norman Ellison.	Mrs. Ellis Thompson, The Covington.
Miss Emily Read Fox, Logan P. O., Pa.	Mrs. Charlemagne Tower.
Mrs. Joseph C. Fraley, 10th and Clinton Sts.	Miss Florence Watson.
	Miss Esther Westcott, 1427 Spruce St.

BALDWIN SCHOOL LEAGUE—BRYN MAWR.

Officers.

MISS HELEN W. RYAN, President.
 MISS HELEN GEORGE, Treasurer.
 MISS E. C. GREENE, Advisory Member.

MRS. CHAPMAN AND MISS JONES' SCHOOL LEAGUE—PHILADELPHIA.

Officers.

MISS EMMA POLK, President, Chestnut Hill.
 MISS ANNE MOORE, Secretary.
 MISS ELIZABETH READING, Treasurer.

GORDON SCHOOL LEAGUE—PHILADELPHIA.

Officers.

MISS FANNY MARBURG, President, 4112 Spruce Street.
 MISS EMILY ALLYN, Treasurer.
 MRS. WILLIAM A. CAREY, Advisory Member.

MISS HILLS' SCHOOL LEAGUE—PHILADELPHIA.

Officers.

MISS ELIZABETH ROOT, President, 1808 Spruce Street.
 MISS ANNE BRYAN, Treasurer.
 MISS LILIAN C. JONES, Advisory Member.

HOLMAN SCHOOL LEAGUE—PHILADELPHIA.

Officers.

MISS ANNA M. BAILEY, President, 2204 Walnut Street.
 MISS LILLIE SEGER, Secretary and Treasurer.
 MISS JENNIE R. BEALE, Advisory Officer.

The Annals of the American Academy

MISS SHIPLEY'S SCHOOL LEAGUE—BRYN MAWR.

Officers.

MISS ALFREDA SHIPLEY, President.
 MISS ELIZABETH TERHUNE, Treasurer.
 MISS ELIZABETH A. SHIPLEY, Advisory Member.

WALNUT LANE SCHOOL LEAGUE—GERMANTOWN.

Officers.

MISS ALICE SANBORN, President.
 MISS RUTH GUERIN, Treasurer.
 MISS JOHNSON, Advisory Member.

BRYN MAWR COLLEGE LEAGUE—BRYN MAWR.

Officers.

MISS DOROTHY WOLFF, President.
 MISS SARAH ATHERTON, Secretary and Treasurer.
 MISS MARION PARRIS, Advisory Officer.

SWARTHMORE COLLEGE LEAGUE—SWARTHMORE.

Officers.

MISS EDITH N. SWAYNE, President.
 MISS GRACE GREENE, Secretary.
 MISS MARION COLES, Treasurer.
 MISS M. ELIZABETH BATES, Advisory Member.

WESTERN PENNSYLVANIA.

Officers.

MISS ELIZA ARMSTRONG, Honorary President, 525 Shady Avenue, Pittsburgh.
 MRS. W. J. ASKIN, President, 5412 Howe Street, Pittsburgh.
 MRS. CORNELIUS SCULLY, First Vice-President.
 MRS. S. S. HOFFHEIMER, Second Vice-President, 523 Graham Street, Pittsburgh.
 MRS. CHARLES C. HUFF, Third Vice-President.
 MRS. WM. R. FULTON, Recording Secretary, Creighton Avenue, Crafton, Pa.
 MRS. HENRY DISQUE, Corresponding Secretary, 705 Aiken Avenue, Pittsburgh.
 MISS ELIZABETH VOLTZ, Investigating Secretary.
 MRS. S. L. SEYMOUR, Treasurer, 406 Caleb Avenue, Quaker Valley, Pa.
 MISS HANNAH J. PATTERSON, Executive Secretary, 401 Apollo Building, 238 Fourth Avenue, Pittsburgh.

Governing Board.

Mrs. John H. Bricker.
 Mrs. Robert D. Coard.
 Miss Mildred Cohn.
 Mrs. V. Q. Hickman.
 Mrs. Franklin P. Iams.
 Mrs. Frank Kimball.
 Mrs. James Kibler.
 Mrs. H. M. Lipman.
 Mrs. J. C. Littlewood.
 Mrs. V. Matthews.
 Mrs. John Molamphy.

Mrs. Mattie Patterson.
 Mrs. W. P. Price.
 Mrs. Charles Reisfar.
 Mrs. Louis Rott.
 Mrs. Louis Sands.
 Mrs. John Schrefner.
 Mrs. J. E. Sprague.
 Miss M. E. Stevenson.
 Mrs. Daniel Stewart.
 Mrs. George Wurzell.

THE CONSUMERS' LEAGUE OF RHODE ISLAND.

STATE LEAGUE—PROVIDENCE.

Officers.

MR. ROBERT P. BROWN, President, 13 Charles Field Street, Providence.
MRS. A. M. EATON, First Vice-President, 701 Smith Street, Providence.
PROF. W. J. KIRK, Second Vice-President, Brown University, Providence.
MISS ALICE W. HUNT, Secretary and Treasurer, 152 Irving Avenue, Providence.

Directors.

Mr. C. Aronovici, 31 Chestnut St., Providence.	Mrs. Henry B. Gardner, 54 Stimson St., Providence.
Miss Katherine H. Austin, 85 Congdon St., Providence.	Miss Alice M. Howland, Hope, R. I.
Mrs. Susan A. Ballou, 16 Harris Ave., Woonsocket.	Mrs. J. F. Huntsman, 37 S. Angell St., Providence.
Mrs. Carl Barus, 30 Elmgrove Ave., Providence.	Miss Clara M. Law, 1404 Westminster St., Providence.
Miss Mary Conynton, 85 Congdon St., Providence.	Mrs. Herbert E. Maine, 89 Parade St., Providence.
Mr. A. M. Eaton, 701 Smith St., Providence.	Mr. John H. Mason, 253 Waterman St., Providence.
Miss Lena Farrar, Y. W. C. A., Providence.	Mrs. Charles B. Rockwell, 610 Hope St., Bristol.
	Miss Alice Wilcox, 165 Prospect St., Providence.

THE CONSUMERS' LEAGUE OF WISCONSIN.

STATE LEAGUE.

Officers.

MRS. C. G. STERN, President, 149 Farwell Avenue, Milwaukee.
MRS. B. C. GUDDEN, Vice-President, 25 Mt. Vernon Street, Oshkosh.
MRS. J. A. STRATHEARN, Recording Secretary, South Kaukauna.
MISS MARIE JUSSEN, Corresponding Secretary, 665 Van Buren Street, Milwaukee.
MR. FRANK SENSENBRENNER, Treasurer, Neenah.

Executive Committee.

Mrs. G. A. Buckstaff.	Mrs. E. P. Parish.
Mrs. John R. Commons.	Mrs. C. W. Stribley.
Mrs. C. A. Galloway.	Mrs. A. M. Strange.
Miss Caroline L. Hunt.	Mrs. William Schrage.

FOND DU LAC.

Officers.

MRS. J. M. HOGAN, President.
MRS. L. A. BISHOP, Vice-President.
MRS. C. A. GALLOWAY, Secretary.
MRS. J. L. DANA, Treasurer.

SOUTH KAUKAUNA.

Officers.

MRS. H. E. THOMPSON, President.
MRS. E. B. McPHERSON, Secretary and Treasurer.

MADISON.

Officers.

MRS. J. R. COMMONS, President, 224 North Murray Street.
 MRS. H. W. CHYNOWETH, Vice-President, 140 West Gorham Street.
 MRS. J. W. HOBBS, Vice-President, 114 West Gilman Street.
 MRS. JOSEPH JASTROW, Vice-President, 237 Langdon Street.
 MRS. J. R. MELVIN, Vice-President.
 MRS. ARNOLD DRESDEN, Secretary and Treasurer, 1120 West Johnson Street.

MENASHA-NEENAH.

Officers.

MRS. FRANK D. LAKE, President, Menasha.
 MRS. E. M. BEEMAN, Vice-President, Neenah.
 MRS. FRANK E. GROVE, Secretary and Treasurer, Menasha.

MILWAUKEE.

Officers.

MRS. C. G. STERN, President, 149 Farwell Avenue.
 MRS. GEORGE LINES, First Vice-President, 685 Franklin Place.
 MRS. THOMAS BROWN, Second Vice-President, 182 Fourteenth Street.
 MRS. CHARLES KIEWERT, Third Vice-President, 9 Waverly Place.
 MRS. D. C. CHENEY, Secretary, 697 Stowell Avenue.
 MRS. ARTHUR YOUNG, Treasurer, 109 Prospect Avenue.

OSHKOSH.

Officers.

MRS. G. A. BUCKSTAFF, President, 700 Algoma Street.
 MRS. LOUIS REED, First Vice-President, 244 West Irving Street.
 MRS. B. C. GUDDEN, Second Vice-President, 25 Mt. Vernon Street.
 MRS. J. A. MCPARTLIN, Secretary and Treasurer, 262 Merritt Street.

SHEBOYGAN.

Officers.

MISS E. A. LUFELT, President, 720 Erie Street.
 MRS. WILLIAM WOLF, Secretary.

UNIVERSITY OF WISCONSIN—MADISON.

Officers.

MISS KAYUTAH FERRAR, President.
 MISS BERTHA VAN HOVE, Vice-President.
 MISS MARTHA McCLURE, Secretary.
 MISS AGNES DAVIS, Treasurer.

MILWAUKEE-DOWNER COLLEGE—MILWAUKEE.

Officers.

MISS AGNES HALL, President.
 MISS FLORENCE DODD, Secretary and Treasurer.

THE CONSUMERS' LEAGUE OF BELGIUM.

Le Comité Provisoire.

- MM. LE BARON FELIX DE BETHUNE, 8, rue des Mèlèzes, Ixelles.
 ADOLPHE BUYSENS, professeur d'horticulture, 20, rue des Thérésiennes, Vilvorde.
 MME. CH. RUEGGER, 156, rue Américaine, Ixelles.
 MME. VAN VLIET, 167, rue de Linthout, Bruxelles-Cinquanteenaire.
 MME. EMMA KOENIG, Secrétaire, 147, rue de la Consolation, Bruxelles.

THE CONSUMERS' LEAGUE OF FRANCE.

Officers.

- MME. JEAN BRUNHES, Présidente, Hotel des Sociétés Savantes, 28 Rue Serpente, Paris.
 MME. KLOBB, Vice-Présidente, 42 Rue du Bac, Paris.
 M. MAURICE DESLANDRES, Vice-Président, Dijon.
 M. JACQUES TOURET, Secrétaire Général, Bureau Federatif, 41 Rue de la Charité, Lyon.
 M. EUGENE MARREL, Trésorier, Lyon.

Sections.

- Abbeville: M. MURCO, Rue l'Eauette.
 Aix-en-Provence: MME. COIRARD, 6 Rue Cardinale.
 Amiens: M. BOUGON, 48 Rue Bellevue.
 Carpentras: M. REBOUL, 13 Place Saint-Siffrein.
 Clermont-Ferrand: MME. AUDOLLENT, 1 Chemin de Lorigon.
 Chalon-sur-Saône: M. PINON, 60 Rue d'Autun.
 Dijon: M. DESLANDRES, 2 Boulevard Carnot.
 Grenoble: Boulevard Edouard-Rey, 9.
 Le Havre: Hôtel des Sociétés, Rue Mexico.
 La Rochelle: MME. MEYER, 8 Avenue Carnot.
 Lille: MME. DUTHOIT, 141 Rue Jacquemars-Giellé.
 Lyon: M. JACQUES TOURET, 41 Rue de la Charité.
 Marseille: M. CHARLES ROUX, 42 Rue Mongrand.
 Montpellier: MME. CRAMAUSSEL, 102 Avenue de Lodève.
 Nice: MME. CAISSI, 2 Place Masséna.
 Orléans: MME. FAUCHON, 96 Rue Bannier.
 Paris: M. BERGERON, 28 Rue Serpente.
 Rennes: MME. ARTUR, 18 Rue de la Gare.
 Roubaix: M. DELMAZURE, 150 Rue du Collège.
 Salon: M. SIBOUR, Rue du Pigeonneur.
 Toulouse: MME. MARCELLE, Rue des Paradoux.

THE CONSUMERS' LEAGUE OF GERMANY.

Officers.

- FRAU REICHSKANZLER V. BERTHMANN HOLLWEG, Excellenz, Honorary President, Berlin W. 64, Wilhelmstr. 77.
 FRAU STAATSEKRETER WERMUTH, Excellenz, President, Berlin W. 64, Wilhelmstr. 60/61.
 ELIZABETH V. KNEBEL DOEBERITZ, Vice-President, Berlin W. 30, Neu Winterfeldstr. 38.
 PROF. DR. ERNST FRANCKE, Vice-President, Berlin W. 30, Nollendorfstr. 29/30.
 GEH. SANITÄTSRAT DR. DELHAES, Treasurer, Berlin W. 15, Ludwigkirchstr. 10 a.
 ADELE BEERENSSON, Treasurer, Charlottenburg, Mommsenstr. 3.
 FRAU ILSE MULLER-OESTREICH, Corresponding Secretary, Friedenau, Rubensstr. 22.
 MARTHA MEINECKE, Corresponding Secretary, Gross-Lichterfelde, U. d. Eichen, Ecke Aternpl.
 FRAU MARGARETE SCHMIDT, Corresponding Secretary, Wilmersdorf, Welmarischestr. 27.

Committee.

Margarete Behm, Berlin W. 35, Derf- fingerstr. 19 a.	Else Lüders, Berlin W. 30, Neu Winter- feldstr. 17.
Ernst Behrendt, Berlin S. O. Alte Jacobstr. 55.	Frau Gräfin Montgelas, Berlin N. W. 23, Klopstockstr. 21.
Gertrud Dyhrenfurt, Berlin W. 50, Mar- burgerstr. 4.	Else Schrick, Berlin C. 19, Seydelstr. 14.
Otto Goetze, Berlin N. 58, Schönflösser- str. 17.	Frau Gräfin v. Schwerin-Lowitz, Berlin W. 30, Nollendorfpl. 7.
Frau Dr. Med. Irma Klausner-Cronheim, Berlin W. 62, Nettelbeckstr. 14.	A. v. Schalscha, Berlin C. 25, Laiserstr. 36 a.
Frau Sanitätsrat Dr. Kollen, Berlin W. 30, Martin Lutherstr. 84.	Margarete Tepper, Berlin, O. Köpenick- erstr. 74.
	Margarete Wolff, Berlin W. 35, Derf- fingerstr. 19 a.

THE CONSUMERS' LEAGUE OF SWITZERLAND.

BERNE.

Central Committee.

MME. E. PIECZYNSKA, Présidente, Wegmühle p. Berne.
 MME. H. J. BRUNHES, Vice-Présidente, Fribourg.
 MME. HELENE DE MULINEN, Vice-Présidente, Wegmühle p. Berne.
 DR. TH. KOCHER, Secrétaire Allemande, Berne.
 M. FRANK FILLIOL, Secrétaire Français.
 MME. ANNA STETTLER, Trésorière, Berne.
 M. LE PROFESSEUR JEAN BRUNHES, Fribourg.
 M. AUGUSTE DE MORSIER, Geneva.
 MME. RAGAZ-NADIZ, Zurich.
 M. R. BERGNER, Lausanne.
 MME. A. DuBOIS, Neuchâtel, Evole 24.

Sections.

Neuchâtel: Secretariat, MME. ELIZABETH JEAURENAUD, Evole 14.
 Fribourg: Secretariat, MME. JEAN BRUNHES, Clos Ruskin.
 Lausanna: Président, M. R. BERGNER, Castel d'Aï, Avenue de Rumine 53.
 Bâle: MME. TH. SCHAFFNER, Byfangweg 10.
 Bern: President, MME. MESCHINI-KNECHT, Restaurant de Famille, Dahlholzli.
 Zurich: Secretariat, MME. RAGAZ-NADIZ, Clausinsstrasse 58.
 Geneva: Secretariat, MME. J. DESHUSSES, 13 Rue de Veyrier, Carouge.
 Wintertour: Secretariat, FRAU PFARRER VON GREYERZ.

BIBLIOGRAPHY

The Pittsburgh Survey.

1. Women and the Trades. Elizabeth Beardsley Butler, 1909.
2. The Steel Workers. John A. Fitch, 1910.
3. Homestead. The Households of a Mill Town. Margaret Byington, 1910.
4. Work Accidents and the Law. Crystal Eastman, 1910.

Condition of Woman and Child Wage-Earners in the United States. Report of Investigation of U. S. Bureau of Labor, 1910-11.

Canada. Department of Labor. Report of royal commission on a dispute respecting hours of employment between the Bell Telephone Company and operators at Toronto. Ottawa, 1907. Report on a strike of women telephone operators.

The Social Unrest. John Graham Brooks. Macmillan, 1903.

Democracy and Social Ethics. Jane Addams. Macmillan, 1902.

Newer Ideals of Peace. Jane Addams. Macmillan, 1907.

Spirit of Youth and the City Streets. Jane Addams. Macmillan, 1910.

The Woman Who Spends. Bertha June Richardson. Boston, Whitcomb, 1904.

Some Ethical Gains Through Legislation. Florence Kelley. Macmillan, 1905.

Women and Industry; a study of American Economic History. Edith Abbott. Appleton, New York, 1909.

Woman and Labor. Olive Schreiner. Frederick Stokes & Co., 1911.

Industrial History of the United States. Katherine Coman. Macmillan, 1905.

Labor Problems, Adams and Sumner. Macmillan, 1905.

The Long Day. Dorothy Richardson. Century Company, 1905.

Moral Overstrain. George W. Alger. Houghton, Mifflin & Co., 1906.

Factory Legislation in Pennsylvania. J. Lynn Barnard. J. C. Winston Company, Philadelphia.

American Academy of Political and Social Science. Proceedings.

Factory Legislation. B. L. Hutchins and B. A. Harrison. E. S. King & Son, London, 1903.

The Case for the Factory Acts. Edited by Mrs. Sidney Webb. London, Richards, 1902.

Woman's Work and Wages. Edward Cadbury and others. London, T. Fisher Unwin, 1906.

Women in the Printing Trades. J. R. MacDonald, Editor. London, P. S. King, 1904.

0

H
1
A4
v.38

American Academy of Political
and Social Science, Philadelphia
Annals

PLEASE DO NOT REMOVE
CARDS OR SLIPS FROM THIS POCKET

UNIVERSITY OF TORONTO LIBRARY
